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Russian Official Faults Treaty with Armenia

934C0346A Moscow LITERATURNAYA GAZETA
in Russian No 47, 18 Nov 92 p 2

[Statement by Yevgeniy Kozhokin, chairman of the Subcommittee of the Supreme Soviet of Russia for International Security: "We Signed. But Now What? Why the Treaty Between Russia and Armenia Was Not Ratified"]

[Text] The treaty with Armenia has been submitted for ratification by the Supreme Soviet and has already gone through the first reading. Our correspondent asked the chairman of the Subcommittee of the Supreme Soviet of Russia for International Security to comment on the situation.

It seemed necessary to continue the ratification process that had been started. At the same time, attention should be paid to the fact that the obligations assumed in the treaty by our side do not exceed the scope of the usual obligations with respect to CIS members. There is an obvious incongruity in this treaty between some of its ideological components and the nature of the obligations taken on themselves by the sides. The treaty has a very imperative title: "On Friendship, Cooperation, and Mutual Security Between the Russian Federation and the Republic of Armenia." And the opponents to this treaty in the Supreme Soviet and outside it direct attention specifically to this wording: "On Mutual Security."

Our country is maintaining the syndrome of not wanting to be drawn into armed conflict. The syndrome is understandable, and it is associated with the tragedy that Russia and the former Soviet Union went through in Afghanistan. So this Afghan syndrome will be preserved for a long time in our conscience. But not only this. Taking into account how we have reconsidered the Soviet Union's intervention in 1956 in Hungary and 1968 in Czechoslovakia, and what occurred on 9 April in Tbilisi, and the events of January 1991 in Lithuania, neither the civilian population nor the military have any desire to participate in armed conflict on the part of anyone whatsoever.

In the Supreme Soviet we have even encountered opposition to sending a peacekeeping battalion to Yugoslavia. Therefore the obligation to support the republic, which is in a de facto state of war, is giving rise to conscious or unconscious protest among many politicians and, what is important, among the civilian population and the military. But the whole issue is that there is a certain discrepancy in this treaty. We need a treaty with Armenia—I have no doubts on this score. A normal treaty about cooperation. The signed treaty appears to be as much. When it is examined carefully, we see that there are no obligations in the security plan. After all, a specific mechanism for ensuring mutual security is not established in the treaty. Article 3 envisions the possibility of an appeal requesting assistance in the event of the emergence of a dangerous situation. In response to an appeal the other side is obligated to conduct consultations with the requesting side. That is all. There is no kind of direct obligation to take sides or support the side that requested assistance. Why was such a

normal practice in interstate relations formulated in such menacing words? This speaks of the fact that, in general, there was an understanding of our internal situation. But what is the result? The treaty, which is supposed to serve in the resolution of a whole number of economic, social, and civil questions, is not being ratified. What is more, it serves the emergence of a certain alienation between two republics, although there are no grounds for this.

Who in the Ministry of Foreign Affairs bears responsibility for demagoguery? Well, let the Ministry of Foreign Affairs figure this out itself. It is possible that this has already happened. I think that it is not necessary for our parliament to be held captive to words. It is necessary to examine what was actually set forth in this treaty and ratify it. We are interested in developing friendly relations with Armenia, and we are interested in seeing that the war in the Transcaucasus comes to a halt.

New Charges Levelled Against Sergey Parfenov

934C0330C Moscow KRASNAYA ZVEZDA in Russian
12 Nov 92 p 3

[Article by Sergey Knyazkov: "Prosecutor Presents New Charges Against Sergey Parfenov; Attorney and His Client Lodge Protest"]

[Text] In the trial on the case of the former Riga OMON [Special Purpose Militia Detachment] deputy commander, citizen of Russia Sergey Parfenov, new charges have been presented which figure in the case for the first time. At the request of the prosecutor, materials were filed which are connected with the OMON attack on Latvian customs posts, allegedly confirming the existence of the corresponding instructions. Also presented to the court was an order of the USSR General Prosecutor of 28 May 1991 with instructions to the procuracy of the Latvian SSR to conduct an investigation of OMON operations for eliminating customs posts, and a letter from Russian Federation Vice President Aleksandr Rutskoy, sent in May of this year to Latvian Republic Supreme Soviet Chairman Anatoliy Gorbunov, which acknowledges that in the political events in Latvia, OMON acted arbitrarily.

RIA [Russian Information Agency] reports confirm that in this connection, Parfenov has lodged a categorical protest, since, in his words, he personally took part in only four operations for eliminating customs posts and cannot bear responsibility for all the actions of OMON. Anatoliy Zuyev, Parfenov's attorney, also lodged a protest.

Your correspondent spoke on the telephone with Parfenov's wife, Olga. In her words, the new documents filed in her husband's case will have little effect on the proceedings.

Olga Parfenova also spoke of the serious material position of her family. She has to feed four children, pay the attorney for his work, and somehow live herself. Along these lines, it would be most welcome if she were to receive the support she has been expecting in the amount of several tens of thousands of rubles, promised to the Parfenov family in the name of Aleksandr Rutskoy. Unfortunately, according to Olga, she has not yet received the money.

POLITICAL AFFAIRS

Ambassador Lukin on Obstacles to Democracy

934C0345A Moscow LITERATURNAYA GAZETA
in Russian No 47, 18 Nov 92 p 12

["Political Dialogue" between LITERATURNAYA GAZETA observer Yuriy Shchekochikhin and Vladimir Lukin, ambassador of Russia in the United States: "Is the Idea of Democracy in Russia Dead?"]

[Text] [Shchekochikhin] One day, quite recently, at the start of Moscow's summer, a friend, also a journalist, came up to me and said: "I fear that the idea of democracy in Russia is dead. It has not worked out.... Everyone is becoming increasingly excited by national patriotism...." Perhaps he is right. There is today no stronger word of abuse than the word "democracy." And people whose names were previously symbols of democracy (Popov, Afanasyev) are today either out of a job or (like Sobchak) being subjected to the most savage criticism....

[Lukin] You are speaking of symbols, that is, not of real democracy and not of real national patriotism.

[Shchekochikhin] Symbols they may be.... But at approximately this same time some woman or other on the street shouted at me: "Democrats.... What have you done to my country...." Of course, I console myself, perhaps she was a little out of sorts, but it made a strong impression, all the same....

[Lukin] I have a similar story. When I was leaving the Sixth Congress, a woman with eyes bulging approached me and said: "Why are you destroying the Russian people?" I asked: "Who? Me personally?" She became flustered and said: "I do not mean you personally.... You generally...."

Still, it is a question of symbols, words.... The word "democracy" was in vogue and then went out of style. And in actual fact people are thinking not about democracy or national patriotism but about actual life, existence, prices, crime, and safety on the streets.

[Shchekochikhin] But remember—and this was quite recently, before and during the First Congress of People's Deputies of the USSR—the enthusiasm of life and the hopes of democracy which simply wafted in the air....

[Lukin] But the enthusiasm had been implanted not by the structure of the congress itself and not by the principle of elections itself but by the words which were uttered at that time. And the mere fact that they could be uttered in public. But this is not democracy, this is glasnost: It had been concocted grandiloquently, but quite accurately. But democracy is primarily a form of existence of the state and a certain correlation between the authorities and the civil society, with a particular separation of powers.... We did not have such democracy at that time, only hopes for it. And now, when you say that democracy has gone out of style, it is in fact the people who were at that time the symbols of democracy who have gone out of style. Why? Because they made very big advance payments for a rapid solution of problems, and the advance payments have simply remained advance payments. You remember

Shmelev's article "Advance Payments and Debts"? The advance payments have become debts, and this is the tragedy of the people who made them and of us all.

[Shchekochikhin] But Boris Yeltsin, when he himself was a member of the opposition, also, in my opinion, made unfulfillable promises....

[Lukin] This is why Yeltsin also is now less popular. This is part of that same process.... Let us, therefore, investigate.

America and the West generally were the example for the people who promised rapid solutions. Remember how they said: "We will now eliminate all the idiotic aspects of our state: the CPSU, the dogma of ideology, the command system in the economy—and all will be in order, as in America...."

This was quite a naive and primitive ideology initiated by certain symbols. One symbol was democracy, which was not true democracy, and for this reason the slogan "Long Live Democracy" was reminiscent of the slogan "All Power to the Soviets." Another symbol was America, which had nothing in common with the real America. It was thought for some reason that as soon as the CPSU had been eliminated, America would automatically be on our side.

But we could not have become a part of the Western world merely by having cleared away the symbols of the old power, about which so much was being said at that time by Yuriy Afanasyev and, even more, Yuriy Vlasov.... Vlasov is today with exactly the same passion saying things which are the direct opposite, but passion is, evidently, the principal content of his nature. And were the national socialists to come to power now and good fortune were once again to fail to arrive, Yuriy Vlasov, an honest man after his fashion, would, most likely, just as passionately begin castigating these new authorities also.

[Shchekochikhin] But it is democracy and the people who were its symbols which are being subjected to the main ordeals as yet. Whence the feeling that things once again have not worked out....

[Lukin] They have not worked out for the first wave of democrats (I have many friends among them, each of whom I like as an individual), but their problem is that they were ultimately the balalaika players of perestroika. They thought within the framework of their Western-democratic romanticism that it was sufficient to carry out in the country two or three of the simplest social operations, and everything in the country would change for the better. And nothing came of it. Now they are heaping everything onto "dark forces" and consoling themselves with the fact that they must be in eternal opposition to the authorities, and let the bureaucrats remain in power. But the question is: Why did they so aspire to power?

[Shchekochikhin] In case, for that matter, they be accused of only being capable of drawing sketches of a beautiful life and of themselves, having proclaimed the way to them, remaining aloof....

[Lukin] But this is ultimately what has happened! Many of our democrats make it a rule to embark on something and then completely make a mess of it, after which they make a statement to the effect that they need altogether to be in opposition and then to head some party laying claim to head the state. This is the classical condition of the Russian marginal intellectuals who came with the first wave of rejection. I greatly respect them for the role which they performed in the destruction of the first stratum of totalitarianism. But then came the next phase, for which, I repeat, they were not prepared. But what is it that is so dreadful which is happening with us at this time?

We have a popularly elected president, we have, imperfect, yes, but, for all that, a parliament, we have a multiparty system. Albeit very weak (but not because anyone is preventing the formation of new parties but for entirely different reasons—purely Russian). We do not have the problem of whether to speak or to hold our tongue, that is, we have freedom of speech. In short, there are all the prerequisites for very serious democratic development. And the talk to the effect that all democrats must go into opposition is simply not serious. And the perception that democracy in Russia has lost and died is connected primarily with the subjective sensation of the stratum of people who have done their work, but who have not themselves come to power, and this power itself has not brought us closer to general happiness as quickly as they expected.

[Shchekochikhin] Vladimir Petrovich, each of us, most likely, has experienced this feeling of helplessness that comes when one has been approached by people (I refer to my experience as a deputy primarily), and one has not in practice been able to help them. I believe that that has been and is now the case with you at deputy's receptions when you are in Moscow. But what power do the deputies have? And people have gradually begun to grow disenchanted with the fact that their hopes of us electing whom we wanted and of these being our, democratic, authorities have proven worse than transparent. And public opinion has begun increasingly to incline toward the necessity for some strong, very strong, authoritarian, dictatorial power.... This is today's contradiction, possibly: On the one hand there is a desire for democratic authorities, on the other, a strong, strict authority, banging the table with its fist?

[Lukin] I do not see a contradiction here since I am a supporter of both. I am convinced that no changes for the better are possible in Russia without the participation in these changes of the state. Reforms have never been implemented in Russia such that the state itself has not strictly regulated the reform processes. That the process will proceed of its own accord (I quote a prominent figure) is another illusion. And we need to rid ourselves of this illusion, but not with the aid of hysterical shouts. It is essential to agree to certain compromises.

[Shchekochikhin] Which, would you say?

[Lukin] State administration in Russia has to be exercised by bureaucrats, which does not, naturally, rule out the fact

that people of a democratic frame of mind should be in the upper echelons of power and should strategically coordinate the changes in society.

But what is the main tragedy of our society? We have no real, sound bureaucracy. When I met with No Tae-u, president of the Republic of Korea, he gave me several pieces of advice, which I subsequently conveyed to Boris Nikolayevich. And his main advice was this: In order for economic reforms to be successful, an effective administration, that is, a strong bureaucracy, is needed. Even if you make a wrong decision, you can, relying on the bureaucracy, quickly revise and adjust it, and, what is most important, it will be implemented. But if such a bureaucracy is lacking, you could adopt any decision, a brilliant one even, and it would not be fulfilled, all the same.

It is the lack of such a bureaucracy which we are experiencing at this time.

We cannot have an unmanageable state: Russia's historical and genetic background is too ponderous. Otherwise Russia will collapse into tiny parts, to the pleasure of so-called democrats. After this, any person with a moustache would with the aid of a far-reaching civil war, with tremendous bloodshed, once again combine it into a unified state.

[Shchekochikhin] But voices calling not only for the preservation of Russia as it is today but also for a restoration of the Soviet Empire are being heard increasingly loudly at this time. And the voices of those who previously were fierce supporters of democracy and the independence of each Soviet republic are being heard in this chorus also.

[Lukin] People maneuver in politics, of course, and this is a very complex issue: Where is the boundary between natural political maneuvering and political opportunism, when a politician crosses over to the herd which as of the present moment is the stronger.... But I am the judge of no one other than myself. I have always been a supporter of the democratic path of development and have always been an opponent of the country's disintegration. At the First Congress of People's Deputies I voted against Russian laws having precedence over Union law since I realized full well that there are no first-class laws and second-class laws. I have always been a supporter of unified armed forces and greatly regret that this has not been achieved. I was not a supporter of the country's division, but since things have turned out this way, let us at least keep our state—the Russian Federation—intact. If you consider that even this is an empire, I am for empire. We will forcibly retain nobody, but turning the country into a leopard's skin and making out of the country a further 15 countries would mean condemning people, both Russians and non-Russians, to bloodshed....

[Shchekochikhin] But even now Russia is not the great power which earlier figured on maps as the USSR. Nor are we regarded as we were before.... Leafing through American papers, I have convinced myself of this yet again: Sometimes for several days running they do not have a single report from Moscow, which means only one thing—we are no longer that great power on which the attention of

the whole world was focused but simply a state. This is both a cause of the explicable nostalgia for past greatness and a pretext for political speculation....

[Lukin] But this will again depend on what Russia will be. What was Japan when it had an empire and what is it now? And France? The parting with Algeria was a tragedy for it. But can you say that both Japan and France are now weak powers? Could Russia with its boundless territory and 150 million people become a powerful country with exceptional influence in the world? Yes, of course!

[Shchekochikhin] If we first become an economically powerful country....

[Lukin] You see, I am not sure that economics is the main thing. The main thing is our souls. And we are now sitting with bowed heads and whining: Democracy is finished, democratic slogans are played out.... But we must not just moan! Why following a devastating defeat in the war have the Japanese created a powerful state? Because they had the idea of national creation and they wanted to show that even a country without military might can achieve greatness! And de Gaulle reinforced the idea of France's greatness when the empire had really fallen apart.

[Shchekochikhin] But I fear that under our conditions the idea of national greatness is becoming the idea of nationalism, Russian nationalism, which is being counterposed increasingly to the idea of democracy.

[Lukin] The national idea has not been formulated with us in practice, and this is why cretinous interpretations of the national idea are appearing. But where are there not cretins?

France's upturn was possible because creative national ideas appeared in the depths of French society. Yes, de Gaulle trampled parliament beneath him and changed governments like gloves, but he won a strong role for France in the world! But de Gaulle did not isolate France from the West, since politics cannot make a civil society isolated from ideas!

Yes, we have a group of quite severe nationalists, and there are among them many rogues of all kinds who have switched over from the party structures, but there are also people who are really suffering. That same Vlasov.... And our liberal intelligentsia could at least sort out who's who. But we do not listen to the other side! I come to Moscow to my dear friends and I begin to persuade them: Boys, you should listen to the other viewpoint also! They are not, after all, just some assassins! There are also people with real sufferings. But they refuse to listen, and this means civil war, which is initially played out at the intellectual level.

[Shchekochikhin] But, in my opinion, the process of opposition of democracy as a symbol and national patriotism as an idea which is taking possession of the masses in just the same way as did the idea of democracy when, earlier, Boris Yeltsin was in opposition has no longer just been discerned but is under way to the utmost....

[Lukin] I see another process.... First, I do not believe that the idea of extreme nationalism has taken possession of the masses that strongly.... Look at the youth! What, is it so obsessed with the Russian national idea?! It has American subculture in its nostrils!

[Shchekochikhin] And are you not frightened by the fact that publications of the extreme right are becoming increasingly popular? That same DEN, after reading which you want to wash your hands?

[Lukin] DEN is a newspaper of civil war. But look at a number of publications on the other side, the extreme left! They also are newspapers of civil war, which are not ascending to dialogue between those who are in the grip of the national idea and the supporters of Western-liberal ideas.... The main thing is, after all, hearing one another's arguments!

I am profoundly convinced that Russia has to be Russia. Russia has its own history, its own traditions, and its own national interests. And however many revolutions there are, there will be these interests, just the same, as there were after October 1917, as there were, albeit in distorted form, under Stalin. On the other hand there is also the Russia which has always aspired to the West. And it was not, incidentally, the left-wing Chernyshevskiy but Dostoyevskiy who said that the soul of the Russian man had two sides—Russian and European—which live within and tranquilly get along. So it would be better for us to give some thought to a synthesis of these ideas instead of proposing Marxist extremes.

[Shchekochikhin] But what for you is the difference between national and imperial interests?

[Lukin] Very simple! National interests are those which Russia should pursue to the same extent and with the same degree of intensity as any democratic country in the world. What do you think, is America a masochist country which is sacrificing its national interests?

[Shchekochikhin] Naturally not.

[Lukin] Why, then, should Russia become a masochist country abandoning its traditional national interests? It by no means follows from this that Russia should be on the side of Saddam Husayn and fight with everyone who disagrees with it! It is here that the boundary between imperial ambitions and national interests runs. There is a balance of interests of democratic countries, serious, tense, sometimes dramatically fine, sometimes failing to show, which makes them on the one hand a community, on the other, countries each of which is concerned for its own national interests. The problems of the relations of America and Japan and America and Saddam Husayn are a different level of problems. We also should be a country in which problems between Russia and Japan or Russia and America fit within the framework of world civilization, and support for all dictatorial regimes, like that of Saddam Husayn, does not.

[Shchekochikhin] You are right, of course, but this is theoretical rightness. But there are, in addition, inner feelings: Many people today feel themselves to be people

who have lost, and losers want revenge. When we met with Zbigniew Brzezinski, he said (and his words were quoted in LITERATURNAYA GAZETA): "Russia has lost the Cold War just as Germany or Japan in World War II."

[Lukin] It was with this issue that I came to America, incidentally. Who had lost and who had won? Was it communism and totalitarianism that were defeated or was it Russia?

[Shchekochikhin] And you found the answer?

[Lukin] If you adhere to a purely imperial consciousness, Russia sustained a defeat since it lost many of its territories, some of which were imperial, some, those which simply could not be deemed imperial.... And if there are at all any empires today, it is the republics which have snatched Russian territories only on the grounds that the administrative borders had been carved entirely arbitrarily. Which is why they are today howling that Russia is plundering them, reminiscent of a fellow who has murdered his father and mother and who is demanding of the court clemency on the grounds that he has been left a total orphan.... Yes, I repeat, Russia has sustained a defeat, proceeding from the imperial consciousness, but it also paid a very high price, of course, for deliverance from communism and totalitarianism. But Russia has acquired also an opportunity to become a modern, civilized, democratic country.... As far as Brzezinski's assertions to the effect that Russia was defeated in the cold war are concerned, then, to be honest, we were defeated not by the West but by ourselves. Or we conquered ourselves—there is a very complex dilemma here.

[Shchekochikhin] But I would like to take you back once again to what I have been thinking about continually of late: Owing to a lack of confidence in the democratic outlook, appeals are being made increasingly often—and by an increasingly large number of people—to the idea, as salvation, of a strong authority which is, for all that, based on the imperial, national patriotic idea, in which democracy occupies the least place. Both democracy as a symbol and democracy as the essence of state rule. Because I am afraid that were August 1991 to be repeated now, few people would stand in front of the tanks outside the White House....

[Lukin] For no reason.... First, there will be no tanks. Second, this is a reflection on those with short memories. I would go.... Freedom is quite a popular word, but as soon as people want to destroy freedom, they begin themselves to show that this was not the freedom they were dreaming of, that there is another, more ideal....

[Shchekochikhin] It is easier to gather people in the squares today under national patriotic slogans than in defense of freedom and democracy....

[Lukin] There should be no slogans, no mass meetings. We need to learn to govern in such a way as finally to make the streets clean.... But this is boring, this is unromantic, and the intelligentsia in Russia is romantic. If there is a slogan, it is unfailingly "Away with!" if there is a speech, it is

necessarily: "We are on the edge of the abyss." Whence: "Everything needs unfailingly to be restructured and started from scratch...."

What does this indicate? That we, the intelligentsia, are part of the very flesh of our insufficiently civilized people, by no means that the intelligentsia with us is splendid and that the people are not and need to be replaced....

[Shchekochikhin] Vladimir Petrovich, but it was the intelligentsia which both prepared the reforms and supported the reformers. Today, it seems to me, it has come to be in the way of the authorities, the same which it made such, and there is nothing left for it but to return to the kitchen....

[Lukin] Well, splendid! The main thing in democracy is not (I quote Bulat) that some people burst forth into the governing authorities. Democracy is quite different. It is when there is air so that the intelligentsia might freely express its viewpoint precisely as an intelligentsia. And ideals have collapsed for many people today precisely because the intelligentsia has not become the governing authorities. And what is special about this? Tragedy will come when a totalitarian regime is installed and the intelligentsia is prevented from existing precisely as an intelligentsia, not as the governing authorities from the intelligentsia.

[Shchekochikhin] But you know what is being heard more and more often: "Heavens above, what a rabble has come to power...."

[Lukin] A rabble has come to power to the extent that our intelligentsia has not managed to create structures which are constructive and which bind society and under which it is attractive not to be a rabble. And if the lumpen reigns in society, this means only one thing—a substantial portion of the intelligentsia has been lumpenized. And I, as a person attributing myself to the Moscow intellectuals, hold to account primarily myself. Why have we not created this powerful ideal....

[Shchekochikhin] Andrey Dmitriyevich Sakharov....

[Lukin] Yes, Sakharov, yes, Solzhenitsyn, but we have, as a whole, been unable to create an ideal whereby it is simply indecorous to be an avowed rabble. And what is happening today? If I am removed from power, the red-browns will, consequently, come to power. That will be that, lights out, the end of democracy.... But we should have continuity of generations of the intelligentsia. You remember, there was the criminal expression: "I will teach you, scum, to love the motherland"? And they taught us.... And on the other hand our esteemed intelligentsia said that we are all crap, and America, this is not crap. And you know that America, granted all its repletion, is very much a problem-ridden country. We have created an image of an ideal America and an image of Russia only with a minus sign.... But in order to grasp what is happening, we need first to listen to one another....

[Shchekochikhin] I still believe that the disenchantment is not on account of the fact that Russia has not in several years become America. No one seriously entertained this.

I believe. No, it is simply that many people have the feeling that they have been deceived.... Advantage has been taken of democratic slogans by the old, apparatus forces, which have remained in power by making use of these slogans....

[Lukin] So what? Politics is a cruel business. Yes, the former party nomenklatura is today availing itself of democratic slogans. What, our intelligentsia did not prior to this avail itself of the Marxist-Leninist dictionary in order to live a quiet life, write books, and obtain handouts from the authorities in the form of trips abroad? People should now play the fool or what? So the partocrats, in order to survive, are availing themselves of the new, democratic slogans. After each revolutionary commotion, not only do new people come to power, the old ones remain! This is the usual historical track, and we want something ideal. So we need to work, and the intelligentsia's work is not cleaning the streets but cultivating constructive foundations in society.

[Shchekochikhin] You now remind me of some figure from the Agitation and Propaganda Department of the Central Committee of the old days.... They even had the term: "Criticism should be positive"....

[Lukin] But I am talking to you about support for democratic institutions, about what the West calls a system of trust, orientation, and a systemic approach to problems. Today even those who know how to work lack criteria for which they are working and earning money. What, merely to amass cash and clear off to America? Or to make their country civilized?

This is how, after all, the Germans and the Japanese and the South Koreans developed. This is what Westernism means to me! Take a look, even the new forms of economics are acquiring some deformed, preposterous nature with us. Why? They lack light and soul. And introducing such is not the business of the Agitation and Propaganda Department (it did its job, and you know how) but of the intelligentsia. But this is also the professional work of an intelligentsia cured of the romanticism of democracy.

[Shchekochikhin] I also am for the intelligentsia being cured of romanticism. But for me this is something a little different. There was a time when the intelligentsia identified itself with power. Our people: intelligent, refined, understanding, had arrived.... It seems to me that today it would be better to go back to the kitchens since it was the kitchens which engendered the normal Russian diarchy of strength and soul.

[Lukin] Let them sit in the kitchen in the evening, but in the daytime involve themselves in normal democratic, civic work.

[Shchekochikhin] If democratic work means the mass meeting, these are attended less and less often....

[Lukin] Democratic work begins when the mass meeting ends. The meeting is the incubator of totalitarianism! Have you ever seen a mass meeting at which one person says one thing, and another, the direct opposite? The opposite is hooted down! But after the meeting there are two roads. To take one is to create a civilized society. To

take the other means crossing from one mass meeting to another until there finally appears a moustached or bearded individual, who speaks at one meeting and breaks up another. This is when totalitarianism begins.

You say, back to the kitchen, that is, once again counterposing the intelligentsia to power. And what is to be done with the beggarly and unsettled old people, with the young people who do not know where to go.... What, will we then, sitting in our kitchens, counterpose ourselves to the new Kremlin occupants?

[Shchekochikhin] I hope that the kitchen is not visited by persons with a search warrant....

[Lukin] If the intelligentsia merely sits in its kitchens, it will necessarily ultimately be gobbled up....

Shumeyko Interviewed on Future of Reforms

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[Interview with Vladimir Shumeyko, first vice premier of the Government of Russia, by unidentified VEK correspondents; place and date not given: "Man in the Context of Power"]

[Text] [VEK] The finishing touches are currently being put to the government concept of structural reorganization for 1993. What is your assessment of it?

[Shumeyko] In my view, an algorithm of the structural reorganization of the national economy should incorporate the following four main ingredients.

First, a reallocation of the productive forces and the creation for this of a powerful and well-developed service sphere equal to, if not greater than, the current production sphere (approximately 70 million persons are employed in Russia's production sphere currently).

Second, a sufficiently even distribution of the productive forces among enterprises of all forms of ownership. As yet, despite the intensive operations pertaining to fulfillment of Edict No. 721 of President of Russia B.N. Yeltsin aimed at the formation of stock companies from state-owned enterprises, the number of state enterprises remains preponderant.

It is essential to pay special attention on the one hand to the development of small and mid-sized enterprises and, on the other, to support for large combines (concerns, holding companies, trust companies), up to and including the creation of powerful financial-industrial groups.

Third, the designation of priorities in the national economy and the creation of a mechanism of the realization of a policy of the priority development of the sector.

And fourth and finally, the conversion of defense industry and the accelerated development of dual technology.

Today the place of the former Ministry of Industry in the structure of the organs of state administration has been taken by the State Committee for Industrial Policy, which will be in charge also of questions of the structural reorganization of industrial production. This is not a distributive

body, which the sectoral ministries and committees were hitherto. The task of the new committee is the creation of an effective mechanism, the realization of industrial policy, and the creation of conditions in which all enterprises of all forms of ownership, regardless of size and territorial location, will develop.

[VEK] Critics of the concept see it as the abandonment of financial stabilization (the "Gaydar policy") in favor of costly programs of the support of "vitally necessary sectors." Is it really taking shape under the conditions of defeatist compromise and will it lead to a tightening of state control of the economy?

[Shumeyko] There can be no question even of any "tightening of state control." The government is in this case executing the Property Act, which was adopted on 1 January 1991 and which says that there are in Russia four types of ownership: state, municipal, public, and private. The act prescribes that the state authorities—and the government and all ministries and departments are such state authorities—are prohibited from endowing any one type of property with an advantage in relation to the others.

And if we have in the economy today approximately 90 percent of enterprises which are owned by the state, we are required to fulfill the act such that there come to be at least quantitative equality in these forms of ownership—such that not everything belongs to the state. This was the reason for the appearance of presidential Edict No. 721, according to which the majority of state-owned enterprises will switch to a joint-stock form of ownership. In making enterprises stock companies, we are not only converting them to a different form, to a different organizational-legal type, we are separating the financial system of the enterprises from the financial system of the state. And what we need to do additionally is transfer management (not tighten state control of economic activity but, precisely, transfer management of the enterprises) to large combines of the enterprises themselves (associations, holding companies, trusts, and so forth, up to and including large financial-industrial groups and transnational companies).

Today, when it is a question of bilateral relations with former republics of the Union, now countries of the CIS, the parties are constantly emphasizing the desirability of and need for the preservation of production ties which have taken shape over the years, with regard for continuous production, the constant wait for prepayments, the supply shortfalls, and so forth all the more. But these business ties may be preserved today not by way of strict state regulation, by way of some commands, but by way of the creation of transnational joint companies, which could operate as a single whole.

And there is one further point. Enterprises operating within one company do not go round lodging price complaints against one another, and their internal prices take shape entirely differently.

The measures which are being adopted by the government, the determination of state priorities included, do not signify an increase in the role of the state. On the contrary,

the priority areas will enjoy state protectionism, that is, assistance on the part of the state, but by no means direct control or some pressure on its part.

It should be added that the system of the central organs of state power themselves is now switching from the sectoral to the functional principle of control.

[VEK] The government is, by all accounts, adopting an extremely cautious approach to the problem of enterprise bankruptcy. Do you see this as a way out of the crisis?

[Shumeyko] The government is not "adopting a cautious approach" and considers this a most important problem because the very mechanism of the enterprises' emergence from a state of bankruptcy will help the structural reorganization of both industry and all spheres of the national economy in general. As to the substance of the problem, however, it is as follows: The government prepared and the president signed the Bankruptcy Edict, but we cannot apply it. While knowing that the Supreme Soviet has passed the act in its first reading, we are waiting for it to give it its second reading because the act will necessarily in some respect be in conflict with this edict. This is one reason. And the second reason is that, according to the edict, the State Committee for the Administration of State Assets defines an enterprise as being insolvent. But in world practice (considering the need for a clear separation of powers, this is particularly important!) a bankrupt may be determined only by a court of law, and judicial procedure is prescribed not by an edict but by an act, and the Supreme Soviet has to adopt such an act. The government is awaiting this act. And as soon as it is adopted, work will unfailingly begin on the structural reorganization of production with the aid of the Bankruptcy Act.

[VEK] What is your attitude toward the idea of the attraction of the resources of the so-called "new bourgeoisie"—entrepreneurs, businessmen—to material production?

[Shumeyko] Very positive. The greater their actual contribution to the development of Russia's economy, the better.

[VEK] Neo-nomenklatura—is this a political label, real force, or a specter?

[Shumeyko] I am not a politician with a serious interest in the question as to which of us is nomenklatura, which, not. Today there are enough research groups studying this question: the old nomenklatura, revival of the nomenklatura and so forth.

I believe that a "new nomenklatura," as the question is posed here, could not represent a unified force controlled from some center and operating according to a common command and common plan. In this case, therefore, it is rather a political label employed by the "left-right," which have banded together to achieve political ends. The proposition concerning the substitution for privatization of "grabization," the seizure of power by the nomenklatura and so forth come from this same category.

I have a totally different view of this matter. Approximately 70 million Russians—an enormous army—are

employed in the production sphere, in the sphere of material production generally. All who could have given an account of themselves in this respect have already done so. These include enterprise directors, shop chiefs, foremen, team leaders, and so forth. Our new businessmen, bankers, leaders of cooperatives and private enterprises, and others. They have all shown what they can do and are actually operating. Waiting further for some mythical entrepreneur, who will come from somewhere or other, is simply impossible.

This is the situation today; our children must in time grow up and replace us. All who should today be involved in the restructuring of the economy and the formation of the market are so involved.

And on the political level it is profitable for some people to call some mafiosi, others, the nomenklatura, yet others, something else....

[VEK] Is there antagonism between the new bourgeoisie and the industrial generals? Are there grounds for maintaining that a struggle for a place in the sun is under way between them?

[Shumeyko] If there is antagonism, it is a purely psychological property. The general director under socialism, and now even more, is a unique individual.

Under socialism the general director displayed concern for that for which any manager in any economic system displayed concern: that production be more productive, that material and labor consumption decline, that prices be reduced, that competitiveness and the interchangeability of production increase, and so forth, that is, what any executive managing an enterprise does. But at the same time, on the other hand, he had in accordance with a commission of the district, city, or some other committee of the CPSU to designate people to gather in the harvest, assign transportation, and designate people for the construction of housing, street cleaning, and so forth, which, as you can understand, never even entered the thoughts of a manager in the West.

Any top director has under his administration in addition preschools and children's establishments, apartment houses, subsidiary agriculture, recreation centers—all that is a part of the "infrastructure" concept.

Today a director is forced, in addition, to procure raw material, components, and intermediate products, organize production relations, and find money. All this for an entirely fixed wage. Naturally, he tires more quickly than the new businessmen, particularly those who are involved in brokerage activity, trade, and so forth and who do not invest as much effort in obtaining the same profits.

For this reason there is at the psychological level, naturally, a certain antagonism, for any director believes that he works harder than any businessman. Perhaps this is in fact the case.

I would not say, therefore, that there is some "struggle for a place in the sun" under way between them. But the government should necessarily pay attention to this. I have

said repeatedly that if we are posing the question of the birth of a class of proprietors, the directors and leaders of production which was state-owned and is now becoming a joint-stock operation must occupy an entirely definite place—in its upper stratum.

[VEK] How does the confrontation between entrepreneurs oriented toward the world market and those who are involved in catering for domestic demand threaten our economy?

[Shumeyko] In Russia the market infrastructure is only just emerging. And it can hardly be said that our entrepreneurs are clearly divided into those who are oriented toward the world market and those who are catering for domestic demand. Neither they nor yet others can at this time operate without the world market.

The latest instance involving a revision of the Banks Act, say. Many of our new bankers, young entrepreneurs, of course, are opposed to branches of foreign banks being opened in Russia. They are afraid of competition, afraid that foreign investors will avail themselves precisely of these banks inasmuch as they know them.

This concern for their future, for their existence, is entirely explicable. I have spoken with our representatives of big and medium-sized business, and they are concerned at this question. They say that they need a year or 18 months to "get on their feet." And if foreign banks are introduced here simultaneously at this time, they could not withstand the competition.

There are also other instances where there is a clash of interests between those who are working in brokerage activity pertaining to the sale of raw material, intermediate products, and so forth overseas and those who want to develop production here.

But I would not say that at the initial stage this confrontation threatens our economy.

[VEK] Gerashchenko and Gaydar: Is there cooperation or antagonism between them?

[Shumeyko] There is constructive cooperation between them—there is no doubt of this.

[VEK] Do you fear a "popular revolt," which, the opposition maintains, "will sweep away both the president and his entire team"?

[Shumeyko] An interesting question: afraid—not afraid? I am not afraid.

But it is not a question of fear for what is a popular revolt, after all? Yesterday we were talking in the Supreme Soviet with the deputies. I liked the idea expressed by Anatoliy Chubays. Look what is happening. The work force has already broken a heap of lances and has determined its position with regard to the version of privatization and has opted for its own. Forty-two percent of enterprises have already formed stock companies, are already switching to this new form, and are already beginning to work therein, they have shown faith that there will be such a form. And the position of those who say: Cancel privatization today

and let us go back at once—this is truly to spit in the face of 40 million people. And their families and all those who have put their faith in privatization are linked with them in addition.

And what kind of revolt is to be feared here? Who is basically opposed? If we look at the recent events in October Square and elsewhere, it is mainly elderly people who are gathering beneath the red flags. I understand this full well—it is not their fault but their misfortune that they are at this turning point. But we are forced today, unfortunately, to support primarily the age group which is 45-50 and under. These are, in the main, highly skilled workers, engineering-technical personnel, the intelligentsia—all who realize full well that in the new economic system they will earn more than they are doing now. On the other hand, the unskilled workers and elderly people who realize that for them life will get worse—it is on these that political intrigues are relying, it is this popular revolt which they are threatening.

But there should be no fear here. The government should find opportunities to display more concern for these needy strata. The government is duty bound to display concern for them because they themselves cannot earn money, and practicable ways of quickly alleviating their life need to be found for them.

[VEK] The ruble space—irretrievably lost opportunity?

[Shumeyko] No, of course not. Is this a lost opportunity? The ruble is organized quite strictly for 1993. I say once again that with each former republic of the Union, now, with a CIS country, a bilateral agreement will be signed. They have been signed with seven of them. And the question of the ruble space is being discussed everywhere. Whoever remains in the ruble zone and has the ruble as legal tender—with him there will be one agreement— whoever has his own currency—with him, another agreement. But the ruble zone will be clearly limited, organized, and defined. For violations of the rules of operation within the ruble zone strict penalties, up to and including the termination of our supplies to these countries, will be established.

[VEK] The threat to national interests on the part of the IMF—speculation or reality?

[Shumeyko] You see, the explanations of relations with the IMF, I have said this repeatedly, are frequently, in my view, of a political nature. There is no threat to Russia on the part of the IMF. All this talk to the effect that the Russian Government has "sold out to the IMF," is "dancing to its tune" and so forth—this is all political speculation, nothing more. Normal business is being performed.

[VEK] What place in the world can and should Russia occupy?

[Shumeyko] There is one answer to this question, and it is perfectly clear: Russia should occupy the place in the world which corresponds to it, that is, a leading place. Why? Because whatever we discuss—the immense space, the huge population, the vast resources, the universal, 100 percent literacy of the whole population, its release from

the shackles of totalitarianism, and the formation of a mixed economy, mixed, precisely, I emphasize, perhaps, someday with the predominance of private property—all this should unleash the potential of our state, and it should occupy a leading place in the world. This is essentially the case, it is simply that this state is currently experiencing hard times, but they will someday pass!

[VEK] The government's "pro-Americanism"—an exaggeration or tactical maneuver?

[Shumeyko] The government's "pro-Americanism" is, of course, an exaggeration because we are working with all equally. Today's foreign policy of Russia, stripped of ideological dogma, enables us to choose a partner on the principles of mutual advantage. But when it is of interest to politicians and they employ this term as they see fit, it is not the work of the government but of politicians.

[VEK] Are defense doctrine and defense industry related? Or are these spheres developing autonomously?

[Shumeyko] They are related, of course—they unfailingly must be related. Defense industry cannot exist separately from military doctrine. Military doctrine exists, it has been developed, and the defense contract for 1993 has today been shaped on the basis thereof.

[VEK] What type of director is preponderant in industry today: an enterprising entrepreneur or a civil servant disposed toward dependency? Have there been age-group changes in the corps of directors: Has it become older or younger in the year "since August"?

[Shumeyko] Only slight changes have occurred from the viewpoint of older or younger if we are referring to the corps of directors in industry.

They are those who were working "before August," in the main.

As far as which are preponderant, enterprising individuals or civil servant-dependents, it may confidently be said that the tilt toward the enterprising is increasing by the day because reality is compelling this and pushing in this direction. And even those who have not been enterprising are being forced by reality today to display this enterprise.

[VEK] How do the directors see themselves—as the nomenklatura which suffered defeat together with the CPSU or as strata which, thanks to August 1991, have been released from an "arranged marriage"?

[Shumeyko] Well, you see, even then, under "developed socialism"—the system where the CPSU held sway—the directors were always "second-class" executives. To take recent history, if you open newspapers of those years, you will see two terms—"party leaders" and "business executives." The business executives, "second-class" executives, were those who had to be taught and directed and who listened and rendered account and in respect to whom a decision had to be made on what to do with them. They simply could not have classed themselves as being part of the nomenklatura about which it is customary to speak. They are an entirely particular stratum, a particular social group, I would say. And the people who work as directors

are, in the main, pragmatists and are less concerned with political intriguing and more concerned with business. For this reason the vast majority of them do, indeed, feel that they have been "released from the shackles." But if they are opposed to the methods of the reforms which are being implemented by the government, this is far from always from political motives. More often the opposite, they see the problems in their industries which are occurring and, according to old habit, come here, to the center, to show that funds need to be allocated for the replenishment of working capital, that credit should be granted, that they should be allowed to do something or other, and so on and so forth.

I would not call the directors opponents of the reforms, they are not opponents. We need to lend an attentive ear to them and confer with them and we need to make these reforms together with them. For this reason the government, following agreement with the president, has created in its structure an Industrial Policy Council, which is composed of directors of major enterprises and experienced industrial workers, in the main.

The first meeting of this council was held on 2 November. It has to be said that the directors have treated this idea with complete understanding and great interest. Their main concern is that it be an effective expert body, not just regular "get-togethers."

The first "clip" of work of the council speaks for itself: the privatization program for 1993 and its specifics in the major economic components, adjustments to foreign economic activity for the coming year, the formation of conversion programs, the participation of national industry in projects involving the attraction of foreign capital, and other no less important matters.

V.V. Kadannikov, general director of the AvtoVAZ, was elected chairman of the council, and N.G. Fuga, president of an interstate intersectoral concern, his deputy.

[VEK] It seems to us that in places industrial employees—engineers, workers, office personnel—believe that "voucherization Russian-style" is nothing more than the latest fraud against and robbery of the already plundered people in favor of the state. How far are these fears justified?

[Shumeyko] Let us begin with the proposition "fraud against and robbery of the already plundered people."

I simply cannot understand the number of times I have read in the press "robbed the people." How can you have been robbed if you have not had something taken from but given to you? This is one point.

The second: R10,000 is not the cost of the voucher, it is its valuation of the share of each Russian in 35 percent of the shares of stock of all enterprises from which stock companies are being formed. More, the property which is transferred to the citizen via the vouchers by way of the purchase of shares of stock of the privatized enterprises and by way of the purchase of apartments, plots of land, country cottages, and so forth will expand.

I was recently in Nizhniy Novgorod, where trucks were being sold at public auction, and vouchers were being accepted as payment. And among the purchasers (I know this for sure) there were those who had been shouting at mass meetings: "Privatization, voucherization are robbery of the people!" They subsequently quite quickly adapted to what's what and found the right application for their vouchers.

This simply cannot, therefore, be called robbery.

And the "other side of the coin" is that, no, indeed, not everyone can be active proprietors, simply cannot be, there are no two people who are identical. There are people who are today selling their vouchers for several bottles of vodka, about which the left-right press is ecstatically writing. What kind be done with this type of person? Nothing can be done, if he at this time has a great desire to drink. What, then, should vouchers no longer be given to anyone because of this?

I believe that there will necessarily be a second redistribution, let us say, of these values. And I would like to hope that this will occur via investment funds, in the main. And I might once again here advise people to be in no hurry to "place" their vouchers anywhere. They should wait for a sufficient quantity of these funds to form and to realize their vouchers via the stock of such investment funds, in the main. This would be channeled only to the good, toward the formation of a market mechanism, toward the appearance of a securities market, because the people are saying as yet that they are not yet ready, they do not know what to do or what will happen.

[VEK] The viewpoint that the basis of the argument between the opposition and the government apropos the surmounting of the economic crisis is not a different understanding of the goals but a different understanding of the methods is widespread. One method is liberalization of the economy. The other is suppression and coercion. What do you think in this connection?

[Shumeyko] The main arguments in connection with the surmounting of the economic crisis, in my view, between the government and the extreme opposition, the extreme right-left opposition, as it is called today, do not amount to the surmounting of the crisis itself, as such. It is hard to argue with this opposition about some methods or ways of implementing reform.

As far as the constructive opposition, which the Civic Union group represents, is concerned, even here the arguments are not about methods but about forms. And the government intends to work closely with this constructive opposition and study its proposed program of economic reforms and intends to take from this program what may be put to the common good of formation of the market. The government's job is to make the reform irreversible and continuous.

[VEK] Academician Tikhonov maintains that the scientific-industrial elite—the enterprise directors—could be the sole powerful intellectual, economic force supporting the government. What can you say in this connection?

[Shumeyko] It is not the sole powerful support, although it is, in fact, quite powerful. The government is generally, in my view, relying at this time on those who have in fact linked their lives with market economics or who are preparing to do so. In addition such groups of society as executives of all levels, as far as district and community leaders included, the army and the health-care authorities must also perforce have an interest in the activity of the government.

[VEK] Are changes in the government prior to the congress possible, in your view? To what compromises might the cabinet assent in its confrontation with parliament and the congress?

[Shumeyko] The government is today a harmonious team. The implementation of the reforms does not, in my view, require any cardinal changes in its makeup. A decision on a change in its composition may be made only by the president. Then the remaining members of the government would make a decision; if, say, there are such changes, what attitude to adopt toward this: to stay on or to resign.

[VEK] Has there been a change in your political sympathies and antipathies since your transition from the Supreme Soviet to the cabinet?

[Shumeyko] No, no change.

[VEK] Would you purchase land if we had private ownership of it?

[Shumeyko] Yes.

[VEK] Is the growth of the administrative machinery manageable? If so, by whom?

[Shumeyko] It is manageable by the president and the government, naturally.

[VEK] Is the existence of the Ministry of Security justified? Whom does this department protect? How many persons protect you personally and your family?

[Shumeyko] The existence of the Ministry of Security is justified since Russia is a sovereign, independent state, and any sovereign, independent state has to display concern for its security as a state.

Three persons from the Presidential Protection Agency work to ensure my safety. One of them is on duty each day.

[VEK] Do you treat Gaydar's mistakes as your own or do you dissociate yourself from them?

[Shumeyko] If these are Gaydar's mistakes as a premier at the head of the government and they have been discussed in the government and a particular decision has been adopted, I treat them as the government's mistakes. And if they are the mistakes of Gaydar as an individual, I could make other mistakes. Everyone has the right to mistakes. But even in this case I have no intention of discussing these mistakes with anyone other than Gaydar himself.

[VEK] What is your attitude toward the implementation by Yavlinskiy and Nemtsov in Nizhniy Novgorod of government reform "not Gaydar-style"? Is there not a desire to call the experimenters to order?

[Shumeyko] My attitude is very positive. And what does "not Gaydar-style" mean? If the region's initiative is geared to the formation of market economics and the law is not being broken here, this will be supported in every possible way and accepted.

[VEK] Is it fair not extending the financial support rendered the state-owned enterprises to the entrepreneurial structures?

[Shumeyko] No, it is not fair, it is a violation of the law.

[VEK] The oilmen maintain that, regardless of the increase in the cost of energy, the prices of mechanical engineering products are growing more quickly and that they are finding themselves in arrears. Is it possible to coordinate these trends?

[Shumeyko] Yes, they will have to be coordinated, but not, perhaps, by the old methods, command methods on the part of the state, but incorporating a model of state protectionism.

[VEK] How, in your view, may enterprises be given an interest in creating jobs for the youth?

[Shumeyko] Not only for the youth, I think. It is now necessary to resolve a more fundamental problem. Approximately 70 million Russians are employed in the production sphere. And today the whole of Russia is faced with the question of the creation of a wide-ranging service sphere, which is lacking in the form in which it exists in the developed countries.

I have already quoted the example of the following lines formerly being taught in school: "All labor is held in high regard today, man is honored by his work." But it was honorable being a pilot, a miner, or a steel worker, but not that honorable being a hairdresser or waiter or, even less, a casual loader.

The service sphere needs to be developed from scratch even in the sphere of the mentality. This is a most important aspect of Russia's new industrial policy.

[VEK] What do you see as the paths of a revival of public ethics?

[Shumeyko] As a historical state, Russia lost a great deal in this respect when it did away with the church as a social institution and removed the possibility of influence on the ethics of society as a whole and each person individually.

Today the state is not, as some people say, flirting with the church. It is necessary simply to attempt to unite the efforts of church and state; to take steps not only to revive all creeds but to put the emphasis, in my view, on the Orthodox Church, which from the viewpoint of ethics had the best traditions in the day-to-day life respect. We need to revive the spiritual principle, which has been lost, and everyone needs, finally, "to go back to square one."

Availing myself of the opportunity accorded by the newspaper VEK, I would like to appeal to our entrepreneurs, major entrepreneurs particularly: Do not be afraid to invest money in a revival of the monasteries and places of

worship. I could as an example speak about Novo-Ugreshskiy Monastery, which I visited recently, a historic, truly holy place. Should anyone be responsive to my appeal, let him apply to Father Veniamin, prior of this monastery.

[VEK] What have you been feeling of late—creative enthusiasm or fatigue? What do you feel yourself to be: a revolutionary transforming the country and society or a high-level civil servant professionally performing your duty?

[Shumeyko] I have experienced both: in the morning, "creative enthusiasm," toward evening, "human tiredness."

I feel myself to be not a revolutionary and not a civil servant. It is hard to give this condition a precise name. I am endeavoring to give what I have to the cause in which I am involved—reform. Reform is the content of my life.

[VEK] Do you consider yourself a well-to-do individual?

[Shumeyko] On average, yes, in terms of level, with a wage of R18,000, an official car, and a country cottage, sufficiently well-off, generally, to be able to work normally.

[VEK] Do you have servants or, to put it less starkly, home help?

[Shumeyko] No, we handle things ourselves.

[VEK] What kind of physical work do you do in the home or the garden?

[Shumeyko] Any, whatever you like, when I have a chance, because the scourge of work in high office is that it means a "sedentary lifestyle."

[VEK] How many days off have you had this year? And where?

[Shumeyko] None anywhere.

[VEK] Which do you prefer: a suit or jeans?

[Shumeyko] I go to work, as is customary, in a suit, and when I get home, I have pleasure getting into a sweatsuit or jeans.

[VEK] Do you attach importance to the appearance of your secretary?

[Shumeyko] Men work in my reception area, and, as far as I have been able to see, they are usually smart and keep themselves in shape.

I attach more importance to their professionalism and the clarity of their work.

[VEK] Vladimir Filippovich, as you know, our newspaper was born quite recently. I would like to hear your opinion of its first steps.

[Shumeyko] I would not be mistaken, I believe, were I to say that VEK is confidently "gaining momentum" and increasingly conforming to its principal task of organ of mass information for business people.

The seriousness and balance of its material and the absence of political babble and facile opinions are making VEK a newspaper which representatives of government

bodies, a substantial portion of the fledgling businessmen, and politicians, in a word, all who prefer to work for reform, not waive their hands about and seek its weak spots, were simply lacking.

The main thing I can say is that the newspaper has its own character, and this is the character of an intelligent, literate, impartial conversational partner with whom it is interesting to associate.

Voting Records Viewed in Runup to Congress

93UM0143A Moscow IZVESTIYA in Russian
12 Nov 92 Morning Edition p 3

[Article by Nikolay Andreyev, IZVESTIYA: "Having Gone on a Precongress Alert... the Behavior of the Deputy Corps Is Unpredictable. And This Is Alarming"]

[Text] A group of scientists has made available to the editorial office the results of research that attempts to sketch the political face of the congress, based on deputy voting data on various questions. The authors of the completed research have asked the editorial office not to publicize their names, thinking that in this case what is important is the analysis itself of the political sympathies and antipathies of the deputies, on the basis of which their behavior at the forthcoming congress can be foretold.

Published below is an article by our correspondent that is based on the materials of the research in question.

There is still more than half a month before the beginning of the Seventh Congress of People's Deputies, but impatience has seized both its participants and us, the future viewers of this political show. The distinct character of this large assembly has already set in. We will see passionate people at the microphones talking about everything and accusing everyone aside from themselves, and this is what will be the main thing—furious demands for the resignation of the government and, at the same time, of Boris Yeltsin. And it is quite possible that enough deputies will consolidate on the latter demand to make short work of Yeltsin.

Thus, will the December congress overthrow the government? Most likely, yes. This is indicated first of all by the yearning of the parliamentarians to prove that they are the main authority in this country. But, second, the economic situation continues to worsen, and it is necessary to point to a scapegoat. Nothing can be found that is more suited for this role than the government. In addition, the government, more precisely its individual members, will permit themselves bold demarches with respect to parliament. In essence, a "cold war" is going on between the legislative and executive branches. The research data confirms the probability of a defeat of the government at the congress. This is indicated by changes in the distribution of forces in the deputy corps and in the dynamics of attitudes from congress to congress.

In the First through the Fourth Congresses, the structure of the deputy corps had a simple and clear character, and, specifically a white-black one. This period (it ends in the summer of 1991) is characterized by the confrontation of two groups, and the choice of positions was determined by the attitude toward the fundamental question of that time: the elimination or the defense of the monopoly of power of the CPSU, the sovereignty of Russia, the de-ideologization of the state, and the introduction of the post of president.

Conditionally, the deputy corps was divided into "Communists" and "democrats." It was possible without difficulty to predict the outcome of any voting. Although there also were cases, rare, when the polarization did not display itself that distinctly.

The authors of the research chose the following system of coordinates: from +100 to -100, with +100 corresponding to 100-percent support of the position of the "democrats," and with -100 corresponding to just as full support of the "Communists." (The "plus" and "minus" must not in any case be viewed as positive or negative characteristics.) Thus, in the most polarized congress—the third, in March-April 1991—the openly "pro-Communist" positions (rating lower than -33) were held by 464 deputies, and the clearly "prodemocratic" views (rating above +33) were expressed by 479 deputies. And a total of only 95 deputies were in the unstable group; that is, they took one and then another side.

We see a completely different picture before us at the Fifth and especially the Sixth Congresses. Here, the main themes of the previous confrontation receded into the background: The problem of the sovereignization of Russia resolved itself, clarity with respect to the Communist Party ensued, and a president was elected. Storms raged in the meeting hall for another reason. The main theme of the Sixth Congress was the confrontation of the legislative and executive branches, a fight on the additional authority of the president, and attempts to force the government to abandon its reform policy.

Analysis of the nominal evidence showed that 240 deputies in one way or another supported the government, 571 voted against reform and for the restoration of the full control of the Supreme Soviet over the government, and 227 held an intermediate position. The paradoxical feature of the Sixth Congress was the fact that in the massive and aggressive attacks of the deputies on the government, and the simultaneous bow in the direction of B. Yeltsin, the Congress in its decisions, nonetheless, displayed loyalty to the government and inflexibility toward the president. The voting figures confirm: The president has 542 consistent opponents and 219 vacillating opponents, but, on the other hand, the government has 461 open opponents and 300 vacillating ones. And this is at the same time that, in fact, the president leads the government.

A lot of merriment was evoked in society by the discussion at the Sixth Congress of the problem of the USSR and the CIS. The merriment was evoked first of all by the fact that a significant part of the deputies was against removing the mention of the USSR from the Constitution. This feat was

brilliantly successful for the Communists of Russia and also for V. Aksyuchits and M. Astafyev, who joined them. Although analysis of nominal votes shows that the dissolution of the Union as an accomplished fact is acknowledged by 694 deputies, 187 did not know how to treat this historic event, and 157 deputies formed themselves into solid supporters of an indestructible and indivisible Union.

The battle of part of the deputies in support of mentioning the USSR in the Constitution of Russia seemed in the spring to be a whim, and generally permissible for this part of the deputy corps. But it became clear recently that this is not a whim. A certain front conducted its own meeting, and it impudently imposed itself on us as a savior. The idea of restoring the USSR through force was proclaimed at this congress. It is realized that there is not a grain of reality in this idea; however, the consequences could be catastrophic. For example, in response to this, appeals can be heard in Ukraine to retain nuclear weapons in order to protect itself against an "imperial Russia."

The results of the analysis on how the deputies see the future fate of the congress are quite interesting. At the Sixth Congress, there were several votes regarding what this unwieldy and expensive assembly should be and whether it should exist at all. Eight hundred and thirty-seven deputies do not permit the possibility of any changes, let alone speak of creating a more workable organ of representative authority. Only 55 deputies agree to political reforms.

The political position of the deputies, naturally, also determines its attitude toward both economic and political reforms. For example, among the 196 "faithful Communists," as could be expected, there is not one supporter of reform. On the other hand, among the 571 ardent opponents of reform, 196 are Communists, 236 vacillate, and 143 are consistently "anti-Communist" (an "anti-Communist," according to the classification of the authors of the research, is a person who does not subscribe to communist ideals). The most adamant defenders of the USSR (there are 81 such deputies) are opponents of reform to a man.

It is difficult to say exactly how many factions there are in the deputy corps. Just as it is difficult accurately to name how many deputies one or another faction counts. It is not infrequent that one deputy will be in several factions, which from the standpoint of political sense is nonsense. Therefore, there is nothing surprising in the fact that members of the same faction vote differently on the same question. The fact is that a deputy's position is influenced not by factional affiliation, but on his place in the ruling structure. At the time of the election, 22 percent of the deputies held a job in the higher echelon of government, 35 percent were in mid-level jobs, and 21 percent were in lower-level jobs. Until August of 1991, the policy of the Russian congress was the result of a certain compromise between the deputies who represented the nomenklatura class and the deputies who were striving to eliminate the hateful nomenklatura system, and who thirsted for genuine democratic reorganizations.

However, after the August putsch, and after the collapse of the Union structure and the ban on CPSU activity, when, it would seem, democrats should have occupied key positions and conducted radical political and economic reforms, we observe the triumphant attack of the nomenklatura on all fronts. And the victories gained by these forces were decisive. The democrats cannot be seen or heard. That is, they are trying to hang on to the surface of political life, but their weak voice is being drowned in the powerful choir of deputies who are maintaining an antireform position.

One other unexpected thing happened: the massive rush of "democrats" to the opposite camp. For example, out of 479 "democrats" at the time of the Third Congress, 98 deputies switched to the camp of extreme opponents to reform, 155 deputies moved into the ranks of the vacillating, and only 226 deputies held their previous positions. The ex-"democrats" who strengthened the camp of the enemies of reform belong for the most part to the second and third levels of the ruling structure; that is, in fact, they reunited with their brothers according to class. They were interested in getting rid of the dictate of the stagnant and ineffective "center," but they were by no means striving for a genuine and profoundly democratic society.

In addition, it is necessary to take into account that during the existence of this deputy corps, fundamental changes have occurred in the social status of an overwhelming majority of the people's representatives. This period of time turned out to be sufficient so that a former professor, a former director, a former party official, or simply an official, after being "in the position" of a member of the "chief authority" in the country, was transformed into a high official, with the appropriate self-consciousness and behavior. The increased opportunities to influence the lives of simple mortals played their role here. We will not forget about privileges. A corporate fraternity of deputies began to be developed. And gradually the boundary between a deputy of a nomenklatura origin, a rebel-deputy, and a deputy with a clearly expressed anti-nomenklatura attitude began to be erased.

All of this is corroborated in the analysis of the behavior of deputies during voting. The opposition to reform policy, which unites the Communists and the "democrat apostates," became a firm majority. The formation of a "reform coalition" proved to be illusory. This coalition not only did not become a majority, but it also did not form itself into a final form as an active minority. The voting of the deputies who are in the coalition indicates their differences on principal questions.

One more paradoxical political collision that developed in parliament must be noted here. Deputies I. Konstantinov, S. Baburin, V. Aksyuchits, and M. Astafyev persistently name themselves the opposition. This is not comprehensible. What kind of an opposition are we talking about, when a majority of the deputy corps fully shares their views? The aforementioned deputies who were in parliament under the banner of democracy really were in the opposition in the first congresses. But power belongs to them now. The Communists and these former democrats

are united by a pro-nomenklatura position with respect to land, the economy, reforms, freedom of the press, etc. And there should be a discussion today not on "right-left opposition," but on a dictatorship of the "rightists-leftists." And we will see in the Seventh Congress how exactly this "right-left" majority will dictate its will.

Of course, it can be said that this is opposition to the government, to the president. But (if we are to analyze in a politically strict way) the relations between the legislative and executive authorities cannot be like the relations between a majority and a minority. These are simply different branches of authority. Parliament may not be satisfied with the government, and the government might enter into a confrontation with parliament. But this certainly does not give the right to any part of the deputy corps to consider itself an opposition.

I. Konstantinov and his colleagues in the parliamentary majority confidently talk about plans for removing B. Yeltsin from the post of president at the Seventh Congress. They have the strength to do this. And it is pointless to talk about the fact that this act will only increase the tension in society right up to a flareup of military actions. We see Georgia and Tajikistan as examples that the removal of a president, no matter what noble motives are furnished for this, by no means brings peace, calm, and order to the country. However, I. Konstantinov and his comrades are not troubled by the fate of Russia and the fate of the Russian people. In the political heat, they are capable of taking the most suicidal step, just to be able to topple Yeltsin, whom they detest.

The main objective of the nomenklatura majority at the congress will not be the overthrow of the government and not the removal of the president, but the elimination of the very basis for economic and political reform. The nomenklatura has achieved everything it wanted—it does not need more. Therefore, it will endeavor to put a limit on any reforms. This objective was partially achieved at the Sixth Congress. It will finally be consolidated at the Seventh Congress. Naturally, variants are possible here. It is quite probable that the nomenklatura majority will not venture to make sharp changes, and it will leave B. Yeltsin in the post of president, but it will establish strict control over him and essentially curtail the boundaries of his authority. In turn, Yeltsin may decide on sharp retaliatory steps.

The December congress, in this way, speaking in the language of the past, will be decisive. It may decide: The confrontation will continue. Or: Reforms in Russia are ended, and it is time to return to the ideals that existed before 1985. But since it is impossible to do this, then the "right-left" majority is fully capable of plunging Russia into chaos and gloom.

Psychological Assessments Used in Selecting Officials

934C0322A Moscow *LITERATURNAYA GAZETA*
in Russian No 46, 11 Nov 92 p 12

[Article by Anatoliy Tyukov, docent and psychologist-consultant: "The Chair of the Aspirant: How for the First Time in Russian History Experts Studied Candidates for Government"]

[Text] On 15 June 1990, the chairman of the Soviet of the not-yet appointed ministers of Russia, I. S. Silayev, appealed to the USSR Academy of Sciences (Center for Human Studies, Institute of Psychology, Institute of Sociology) with a request for their professional aid in formulating the government. (This is the first time we have received such a request!). A group of expert consultants consisting of psychologists and sociologists was called together to compile psychological descriptions of the candidates aspiring to the minister posts.

Gradually, after I. S. Silayev looked at this group more closely, a formula emerged: "At first the aspirant goes to Room 130, and then to the premier." Room 130 was located on the fifth floor of the White House, next to I. Silayev's office, and here the eight members of the commission sat behind an oval table. In unforced surroundings, those who had gathered here held discussions for four months. As a result of each meeting, I. Silayev was given a written description—a "psychological portrait of the individual's personality." The description qualified his life values, the broadness or narrowness of his consciousness, the type and character of his thinking, his leading motivation, emotional make-up and temperament, his style of management and behavior in conflict situations, his adopted system of relations in structures of leadership-subordination, his ideological peculiarities and certain specific traits of the person which called attention to themselves. We tried not to interfere in the sphere of professional qualification and especially stressed this at the beginning of each interview.

I must stress: The commission gave not an objective, but a subjective description, for which each of us bore personal professional responsibility.

The intentions of the aspirant to occupy the post of minister, or especially of deputy premier, were not a secret to anyone. And yet, in response to the simple and perfidious question which our women asked: "Do you want to be a minister?"—we heard responses which could make up a thick collection of anecdotes, examples of human cleverness and directness, unscrupulousness and honesty, pettiness and broadness of the soul, stupidity and intelligence.

The commission's work would have been more effective had it been conducted more openly, with a familiarization of the opinion of experts and members of the Supreme Soviet. After, the parliament had proven itself to be incompetent in cadre questions (it is enough to recall how the undoubtedly remarkable artist Yu. M. Solomin was ratified to the post of Minister of Culture—it was simply painful to look at this professional-administrator).

I must admit: In the civic desire to get a highly professional government, we sometimes violated the law of nonintervention and gave advice to some aspirants about how to act at meetings of the Supreme Soviet committees and of the RSFSR Supreme Soviet itself. Having great life experience and psychological intuition, Professor Vladimir Petrovich Zinchenko did this more often than the others. With simple everyday advice, he helped the aspirants to overcome the unimaginable variegation of parliamentary

political ambitions, prejudices, jealousies, and the concealed and obvious struggle of groups and groupings—the entire colossal pressure of the meeting ochlocracy of our deputies.

Let me cite what in my opinion is an indicative example. One of the aspirants was a native northerner from the formation of young entrepreneurs. In his program he stressed: If people in the North are given economic freedom, they will easily reject the "Northern mark-ups." I am not an economist, but the obvious nature of this benefit for the state budget evokes no doubt. However, we immediately focused the attention of our interviewee on the danger of such a declaration before the parliamentarians: "They will misunderstand it. It is as if you want to take away the northern benefits." In the mass consciousness, "reject" and "deny" are the same thing. Evidently, considering this measure to be important in his program, the aspirant nevertheless publicized the plans before the members of the Supreme Soviet committee, and... it happened as we had presumed.

I have no desire to express pretensions against I. S. Silayev. For those times his action was super-innovative. Nevertheless, pretensions do arise against the president. Why was this experience not used in formulating the government which had taken over? I am asking a purely rhetorical question. Evidently, B. N. Yeltsin's mechanism of selecting people is entirely different. Or perhaps, it is not the president who is doing the selecting? Then who? Who evaluates the people? Who looks closely at the aspirants? Who implements cadre policy under conditions when there are as yet no civilized forms of struggle for the positions of higher state power? The questions go from being rhetorical to direct. I hope I will not be accused of infringing on the president's right to formulate his "command." Although as a psychologist, I may remind you that the "command" is one of the primitive forms of human associations, and if the "commander" does not discuss the appointment of the "command members" with someone else, someone who is independent, then the "command" gradually turns into a "corporation" (into a "clique," a "band"—these are terms, and not swear words), and necessarily isolates itself from society.

The mechanism of evaluating aspirants to the posts of ministers which we have proposed does not solve all the problems, and primarily the problems of the trials of power and the "marginal level of incompetency." Observations of the activity of certain ministers who have passed our commission and received high evaluations confirm such a conclusion. But these problems are solved already with the aid of close attention to the work of the government on the part of the "fourth power"—the newspapers, radio and television. A commission such as ours can only help to select people who are honest, smart, cultured, energetic, calm, in good mental health, and professionally competent, and who want to help the Homeland.

The reader might exclaim: But your commission can also be fooled! Even lie detectors can be fooled—we ourselves have seen it in the movies. It is easy to fool the deputies, more difficult, but still easy to fool the chief of the

personnel section of the president's administration... It is relatively easy to fool the president. But it is very difficult to fool a commission consisting of professionals whose entire lives have been devoted to studying people.

State Legal Administration Role in Executive-Legislative Clash Viewed

934C0122B Moscow IZVESTIYA in Russian 17 Oct 92 Morning Edition p 2

[Interview with A. Kotenkov, by S. Chugayev: "The Collapse of Authority in Russia Can Be Stopped Only By a New Constitution"]

[Text] Apparently by complete coincidence, it was precisely on 22 September, the day that the 5th Session of the Russian VS [Supreme Soviet] began its work, that the president signed an ukase pertaining to improving the activities of the State Legal Administration [GPU—Gosudarstvenno-pravovoye upravleniye]. But the first debates surrounding the eleven laws returned by the president to parliament after they underwent expert evaluation at GPU indicated how important and serious the role of this structure in the executive-power apparatus has become.

The administration's chief task is legal support of the actions taken by the president, the government, and the Security Council. In addition, the deputy chief of GPU is the president's official representative at parliament for legal questions. Essentially speaking, what we observe today is the leading edge, where the interests of the executive and the legislative authority clash, and where, as a result, mutually acceptable compromises must be born. The debates surrounding the eleven laws returned to parliament by the president, and the draft concerning the government, have indicated sufficiently graphically that the attainment of agreement between the president and parliament is becoming increasingly more difficult.

IZVESTIYA special correspondent Sergey Chugayev has asked Aleksandr Kotenkov, chief of GPU, to comment on today's state of relations between the two highest branches of authority.

[S. Chugayev] In the course of the debates surrounding the "eleven presidential vetoes," frequent mention was made of the idea that most of the changes made by the president on the recommendations of experts at your administration are unsubstantial and pursue the goal of merely sharpening the relations between the president and parliament. And that is what predetermined their fate. Many corrections, including fundamental ones made in the laws governing defense and internal forces, were rejected. It is felt that the GPU lost its first fight in parliament. Am I correct in thinking that, obviously, you do not agree with those evaluations?

[A. Kotenkov] I do not agree with the term "fight." There wasn't any battle.

Actually the main problem according to which we failed to achieve agreement was the law governing defense. It was returned to parliament because, in our view, parliament had undertaken an attempt to invade the president's

sphere of powers, primarily, into questions of the appointment of the highest officials at the Ministry of Defense, and the establishment of the structure and authorized number of personnel billets in the MO [Ministry of Defense] subdivisions.

When making corrections to the law governing defense, the president insisted on his right—by himself, without coordinating his actions with parliament—to make appointments to the highest positions in the Ministry of Defense. Parliament rejected that correction but, as a result, I think, made the correct decision to suspend the action of that article of the law, pending the making of amendments to the Constitution. But the Supreme Soviet retained the right to determine the number of general and admiral positions. It is not completely understandable why the highest legislative agency wants to appropriate those functions for itself. I also cannot understand the stubbornness with which the deputies refused to include as part of the armed forces the troops and agencies of military communications and of security. It turns out that today the persons who are employees in those subdivisions, and there are thousands of them, have actually proven to be beyond the law. And I am simply very worried about their fate.

Parliament's refusal to accept the president's corrections to the law governing defense is simply the consequence of that age-old rivalry between the legislative and the executive authority for powers. Nevertheless we cannot protest the law any more, and it is going into effect.

[S. Chugayev] The opposition between the executive and the legislative authority has become a customary attribute of Russia's political life. Do you feel that this rivalry is inevitable?

[A. Kotenkov] I think that it will stop after the enactment of the new Constitution, in which there will be a clear-cut proclamation of the principle of the division of powers. Because, through our country's history, no division of powers existed. For the first time the principle of the division of powers, as a fundamentally underlying principle, was included in the existing Constitution together with the most recent amendments. At the same time those political dramas that are played out at almost every congress surrounding the Constitution indicate that today parliament is incapable of winning the necessary majority for adopting an internally balanced Constitution.

Our Basic Law [Constitution] today reminds people of a ragged blanket: the articles frequently contradict one another. For example, Article 1 proclaims the division of powers. But Article 2 states that all the state authority is guaranteed through the Soviets. Parliament is defined by this Constitution not only as a legislative, but also a directive agency of authority. And so on. It is precisely here that one finds the source of all the contradictions, the constant striving to limit the president's powers, and to assume the functions of the executive authority.

What relationship, for example, do the Central Bank, the Federal Property Fund, and the Pension Fund have to

parliament? Are we actually to believe that the administration of them is a legislative function? Or take Article 104 of the Constitution, which defines the congress as the highest agency of state authority in the Russian Federation, which is fully empowered to take under its own consideration and to decide any question that has been placed within the jurisdiction of the Russian Federation. What division of powers can we speak about when the highest representative agency deems it possible to take upon itself the decision of any question, including executive or even legal ones (in any case this follows from the sense of the article)? Because so long as this law exists, there is a constant temptation to take advantage of it. And, as we can see, people are taking advantage of it.

I am completely aware of how complicated it is to adopt a new Constitution today, and how difficult it is to select the best draft. But I personally am ready to vote for any Constitution, so long as it contains a precise definition of the principle of the division of powers and a clear delineation of the powers that each of them has.

[S. Chugayev] It would seem that most of the members of the Supreme Soviet do not share your readiness. As is generally known, by 1 December—the day when the special congress begins its work—the draft of the new Constitution will not have been prepared, and the deputies will be able to discuss only the amendments to the currently effective one...

[A. Kotenkov] The preservation of the existing Constitution, even with new amendments, leaves to the representative authority the possibility to continue to draw to itself the functions of the executive authority. At the 12 October session of the Presidium of the Supreme Soviet, there was direct discussion of the need to prepare and to submit for review by the congress the draft concerning amendments to the existing Constitution, which would firmly enunciate parliament's right to interfere directly in the activities of the executive authority—in forming the government, in defining its structure, in deciding questions concerning the resignation of the head of government, the cabinet, individual ministers, etc.

When discussing last week the draft concerning the government, the parliamentarians already attempted to make amendments to it that substantially limit the president's powers. However, the changes proposed by them do not correspond even to the existing Constitution. It would be logical to coordinate the legislators' claims with the existing Basic Law. But, as we can see, the Supreme Soviet decided the other way around—to coordinate the Constitution with their amendments.

This circumstance forces one to assume that the president, in his turn, will present to the congress his own amendments to the Constitution, and will attempt in a more precise manner to divide the powers with the legislative authority, while defending his prerogatives as the head of the executive authority. Thus, parliament's interests and the president's interests will collide at the congress again. I do not think that either of the sides will find the two-thirds

of the deputies' votes that they need to enact their amendments. Consequently, the attempts to apply patches to the ragged blanket of the Brezhnev Constitution will not lead to anything good.

[S. Chugayev] You emphasize the role of the president specifically as the head of the executive authority. And yet, as follows from B. Yeltsin's statement in parliament, he is more inclined to consider himself as the head of state—a political figure who, of course, is an honorary one, but one with powers that are as yet extremely unclear and with a degree of responsibility...

[A. Kotenkov] In keeping with my official duties, I am required to appeal only to legislative acts that are in effect. According to the existing Constitution, whatever attitude I take toward it, the president is the highest official in the Russian Federation and the head of the executive authority. But I want once again to direct your attention to the fact that the president's functions are clearly enumerated in the Basic Law and, at the same time, the powers by which the president executes those functions are constantly changing. I assume that the indefiniteness concerning what powers the president will have in a month and a half does not add to the stability of the socioeconomic situation in Russia, just as it does not promote the president's execution of his duties as defined by the Constitution.

Christian Democratic Leader on Importance of Russian Identity

934C0122A Moscow PRAVDA in Russian 15 Oct 92 pp 1,2

[Article by Viktor Aksyuchits: "Testing of the Russian Idea"]

[Text] V. Aksyuchits, the leader of the Russian Christian Democratic Movement (RKhDD), and chairman of a subcommittee of the Russian Supreme Soviet, sent the editorial office an article responding to a statement made by Professor R. Kosolapov, entitled "A Poor Russian Idea" (PRAVDA, 13-15 August 1992). Commenting on the similarity on many key positions, he nevertheless would like to enter into the polemics with certain points in R. Kosolapov's article. Feeling that this dialogue by correspondence might be of interest to our readers, we offer for their attention V. Aksyuchits' statement with certain abridgements that are not essential to the content. By offering this article, the editorial office does not necessarily share all the author's views.

Much in our tragic situation depends upon the extent of fullness with which the Russian nation will be able to restore its historic memory and national self-awareness. That is the reason for all the lies and slander against Russian history and culture and against the nature and dignity of the Russian nation.

First of all, we must recall that the Russian nation was the creator of the Russian state system. The state was a form of existence for the nation, a condition for the preservation of the national language, culture, and education, and a condition for the creation of a nationwide economic and social

way of life. Today's destruction of the single Russian state, everything else apart, threatens the further existence of the Russian nation.

It is necessary to recreate also the Russian idea—the national idea that the nation formed under very difficult historical trials in which there were opened up for that nation its celestial purpose and historical calling. The pivot of the Russian idea is the ideal of collectivity—the free unity of individualities, the unity of variety. The entire Russian culture and the Russian way of life are, primarily, collective. The national ideal, in a determining way, exerted an influence on the formation of the Russian national character. The collective nature of the Russian idea was reflected in such features of the Russian nation's nature as its incredible survivability and surprising ability to get along with others.

No other nation has survived in history under such severe geopolitical, climatic, and geographical conditions. In the Middle Ages, in old Russia approximately once every 50 years everything was swept off the face of the earth by invasions from the south, the east, or the west. Moscow was burned to the ground several times in a century. The severe frosts and arid summer transformed the Central Russian Plain into a zone of risky agriculture—the fertility of the soil is incomparable with the land in Europe or North America. From time immemorial, old Russia had never had an exit to the seas that was open year-round, such as Europe had, or any navigable rivers flowing into the oceans. Its mineral resources were scattered widely apart from one another over tremendous expanses of space.

The Russian's ability to get along easily with others is illustrated by a comparison of the colonial policy of Russia and Western Europe. The civilized nations of the West destroyed the indigenous population on three continents—North America, South America, and Australia—and enslaved the vast Africa. Those who survived were christened by fire and the sword. All the colonies were mercilessly robbed to enrich the home countries. Nothing like that occurred during the colonization of the Eurasian continent. There were, of course, wars, but the scale of the bloodshed and violence is incomparable with the scale elsewhere. It is impossible here even to imagine a state policy of collecting scalps. The population of the central Russian guberniyas bore the brunt of state construction and therefore was poorer and more enserfed than the national borderlands. It was only as a consequence of the state policy that is defined by the national nature of the Russians that all the nations that became part of the Russian Empire were preserved. And it is only thanks to this that the nations of Russia, unlike the Indians of America and the aborigines of Australia, have survived today to the point of being able to demand their sovereignty and independence.

Many of our woes today are explained by the painfulness of the healing process itself, when flashes of clear consciousness in the memory alternate with splashes of self-debasement, the psychosis of nationalistic pride, and backslidings into ideological muddening. The people who are

operating by inertia in the arena of the active struggle are yesterday's personages, who are capable of changing their outward appearance (or, if you will, "restructuring" themselves), but not of being reborn. Therefore it is extremely important to be aware of the following.

The perestroika generation of politicians was nurtured in a nonhistorical, ideologized reality that rips man out of his organic way of life. But the ideological atmosphere forms in people a self-willed egoism that has been imprisoned by antihuman elemental forces, that exists outside of the criteria of conscience, responsibility, and duty. The collapsing but still effective infernal machine that destroyed tens of millions of people is reproducing, by inertia, that human dross. That is why, in August of last year, despite the upsurge in society for freedom and rebirth, the power in Russia was seized by the new generation of the international Lumpen.

The Stalin-type Communist regime lived parasitically on the realities of life, including the state system. It replaced all the positive functions of the state, using only the functions of violence and coercion. But even in those distorted forms the state was necessary to the regime for internal suppression and foreign expansion. But when that system's basic beachhead—the union agencies of power—collapsed, the second wave of the party-regime *nomenklatura* got its chance, ahead of everyone else, to find itself at the peak and it replaced the tactics of survival and structuring of the international-Lumpen regime.

So today people are attempting to convince us that the nature of "the process of sovereignization" and the "national-liberation struggle" that are destroying the unity of the state is an objective one. Actually, the presidents' Belovezhsk conspiracy has shown that currently the decisive role is played by historical arbitrariness. History had all the chances to bypass Brest, and then the events would have proceeded in a completely different way. But Kravchuk and Yeltsin suddenly wanted, first of all, to become the "highest contracting party," that is, an uncontrolled authority. But for that purpose it was necessary to remove the highest authority—to destroy the union state and the institution of the union presidency (which one has to bemoan, irrespective of one's attitude toward the figure of the former USSR president). And that is what was done—and without a shadow of doubt. Judged on the basis of its extreme antihistorical nature, utopianism, and antihuman directedness, the Belovezhsk plot is madness personified. This is what started up the mechanism of tremendous destructive force.

This is not an exaggeration: on the basis of its catastrophic consequences, this act can prove to be the event of the millenium. Using the weakening of the state clamps after the center's collapse, the local *nomenklatura* everywhere is changing over to the struggle for power. Living parasitically on the process of national-cultural self-determination, the *nomenklatura* of the union republics is acting in alliance with the nationalistic forces that were being persecuted just yesterday. Through the monopolized mass media, unbridled nationalistic and separatist propaganda is beginning. Nationalistic regimes are forming,

regimes whose selfish interests require the tearing away of Russian territories that are under their control, that is, the fractionizing of the state system as such. Nations are being purposefully fed the lie concerning "Russian imperialism" and the better life in their own "national" state.

The building of such a state begins with the constituting of the Stalinist heritage: fantastically arbitrary borders that cut across the vital interests of tens of millions of people. In order to squeeze reality into the Procrustean bed of the new national-Utopia, it is necessary to suppress a considerable part of the population, in order to justify that which has been named the "national minority" or the "occupiers." Thus, tens of millions of Russian people were immediately deprived of the motherland they had had for many centuries. It is understandable that with this policy it would be naive to expect any prosperity in the newly appearing "sovereignities. In order to "pacify" the population and implement the territorial claims, the usurpers are attempting to seize the maximum quantity of arms and military contingents of the former Soviet army. But this is becoming a new factor in the destabilization. Because the fractionized and privatized military subdivisions have been condemned to show up on different sides of the front to defend the maniacal pretensions of the party presidents, party democrats, and party patriots.

This mechanism of collapse has been extending throughout the territory of Russia. But it is in vain that the newly appeared feudal lords are hoping for stability: the destructive mechanism of sovereignization of which they are the conductors will continue to split up the territory. The fact that the blind leaders of the blind will inevitably be swept away by the elemental forces unleashed by them is not the most difficult payment. But this fatal process is converting Russia into a black hole of humanity, on the edges of which no countries—not the Baltic countries, not Europe, not the faraway America—will sit things out.

The consequences of the destruction of the state system have already manifested themselves very obviously in the hot spots in the country's borderlands and are now being duplicated throughout its territory. The state, however, is a system of guaranteeing rights. It puts boundaries on what is allowed and what is banned. It fetters base instincts and destructive elemental forces in the nature of man and society. "If there is no God, then everything is allowed," the great Dostoyevskiy warned. For decades the regime of militant atheism was drowned out by God's voice in man—conscience. Now the system of inner control has also been destroyed, and one sees to an ever-increasing extent the triumph of the principle: "If there is no state, then everything is allowed." I am not an adherent of including the trans-Caucasus in the makeup of Russia, but for me the obvious is obvious: the region of Karabakh is doomed to interminable slaughter, since the bloodshed can be stopped only by the recognition by all the fighting sides that they belong to a single state house.

In Tskhinvali infants died in maternity hospitals because of the lack of heating and light. Those are the results of the destruction of the state's blood-supply system—the public-health system. Even in prosperous Latvia the government

this spring announced that it was not guaranteeing heating during the next winter and therefore it was calling for increased production of small stoves and their installation in city apartments. Already the Moscow leadership has hinted that it will not guarantee continuous heating this winter. It is necessary to have bravery to foresee the consequences for a city of 10 million if there is a breakdown in the energy supply and in the food supply during the bitter frosts.

It is useless to try to convince oneself that all this also happens in other countries and that we will be able to sit things out favorably. Despite the self-will of the self-professed presidents, we are still located, with regard to the basic vital measurements, in a single country and state, and all of us are feeling the brunt of the total burden of responsibility for the collapse of our home.

Only the state, as such, creates the conditions for the formation of the national economy and culture, and of the language and education. Naturally, with the destruction of the state, all these forms and bases of national life are undermined. But, apart from this, the political Lumpen is carrying out their particular disintegration. In the economy, the implementation of the program of the International Monetary Fund directly contradicts the needs of the country's economic rebirth. Instead of reforming industry, including its best part—the military-industrial complex that accumulated tremendous material and intellectual resources—and instead of providing incentives for domestic entrepreneurship and creating the conditions for the most rapid formation of a class of property owners, the government is doing everything to suppress business activity and has subjected the nation to unprecedented robbery. It is not by accident that there has been such a delay in the starting up of the chief mechanism of the reforms—the change in the property relationships. When, finally, privatization occurs, it will turn out that the largest and most healthy part of society will be impoverished and will not be capable of participating fully either in the destatization of property or in commercial activity. Conditions of most favorable status are being created for the most corrupted and Mafia segments, and primarily for the elite of the regime that is developing.

Society has been subjected to all these calamities in the name of the latest impractical chimera—"financial recovery," which today has already developed into the unprecedented destruction of the financial system. Yeltsin's economic course is leading to the conversion of Russia into a raw-materials appendage of the industrially developed countries of the West. It is he who is encouraging separatism, since the various regions are attempting, by means as extreme as secession, to defend themselves against the center's economic madness. In addition to this, people's impoverishment and haplessness sharply lumpenize their consciousness and make them easy prey to radical and extremist ideologies. Can it be that the Lumpen-sovereigns do not need fully valid citizens, but instead a crowd that can be easily manipulated?

It is understandable that the system of national education, culture, and science in principle cannot exist without the

state's guardianship or its material support. Under the guise of saving budgetary expenses, the government is destroying that area which is the nation's spiritual mediastinum. Native culture, science, and education are the best that exists in national wealth. It is not thanks to, but despite, the regime that one sees in them the concentration of the nation's most creative forces. If everything that was created over a period of centuries and decades and everything that cannot be restored is currently destroyed, this will lead to the final death of the nation.

One of the main areas in the country's lumpenization is the activities of the mass media. The central newspapers and magazines under the very rigid "market" conditions are being subsidized by the government, and, naturally, are loyal to it. The "golden pens" of the "free" press stamp down any opposition to the regime, using the same enthusiasm with which they treated Yeltsin only yesterday. The state radio and television are being turned in mass disinformation media that globally inculcate ersatz values that distort modern life and falsify history. The image of a disintegrating Russia is being foisted on society. Separatist-usurpers are being legalized on the spur of the moment: from the very beginning, people have been talking about Chechnya and Tatarstan practically as "independent" states which, understandably, cannot tolerate Russian imperialism. A stream of lies has been directed at suppressing the dignity of the Russian nation, its national self-awareness, and its historic memory. Under the flag of entering worldwide civilization, a unified culture is being inculcated. The purpose of this campaign is the spiritual denationalization of the Russian nation, a denationalization that strengthens and justifies the collapse of the country and the organic underpinnings of life.

The awareness of this historic task explains the position and activity of the Russian Christian Democratic Movement in recent months. We Christian Democrats, from the very beginning, have based our position on the rebirth of the traditional forms of Russian life and history. The destructive activities of the ruling leftist-radical groundless political force are pushing society under the influence of the ultra-rightist ideologies and are creating conditions for neo-Bolshevik reaction. So it is only the growth and consolidation of a really effective movement of state figures and patriots that is capable of defending the rights, freedoms, and dignity of our country's citizens.

'Civic Union' Organization, Social Base, Attitudes Analyzed

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[Article by Petr Akopov and Andrey Kolesnikov: "If There Were No Civic Union, It Would Be Worth Inventing"]

[Text] But then GS [Civic Union] is indeed an invented organization. Of course, any party structure is the embodiment of someone's idea, as a result of the persistent work of some dozens of "activists" (indeed, only the Communist Party was born in the dregs of the people's life). But the Civic Union emerged so artificially that at times it even seems that it exists only in political-science sorcery and

newspaper articles. However, its actual substance and its place in the country's political picture will be determined only during democratic elections, after the adoption of Russia's new Constitution.

Centrism

In the last few years, when Gorbachev's gradual "decline" began, centrism was passed off in Russia as a panacea for all its ills. It was thought that as soon as people who are not disposed to the sharp turns to the left or to the right and have not been burdened with the "hay or straw" dilemma, the left or right prejudices, either in politics or in economics, come into power, everything will go well.

The premise is intrinsically true, beyond any doubt. But what do we mean by centrism? At first it was equated to "Gorbachevism," now with the Civic Union's position. It is supposed that the one or the other is simply a well thought out pragmatic policy. In the expressions of the man-in-the-street, the populist, which reformers of Soviet talk abused recently and which will be present in abundance at a meeting of commodity producers, this policy is presented in approximately this form: "The matter of just who will be in the government is not at all the main thing right now. What is the difference in who it is? Just don't do anything foolish."

Recent expressions of GS leaders and the experience of Gorbachevism testify that centrism is like this in nature—it is the policy of "putting on the brakes to radical reforms." It is that policy that stands midway between the left and the right, between reforms and counterreforms—the thing is obvious. But if the reforms are suppressed, if they, by virtue of this circumstance, cause society's displeasure, they must not be called reforms in the proper sense of the word—they are doomed to failure. And then centrism plays into the hands only of the "right," however much it may be covered up by restrained, completely fitting and pragmatic populism and announcements of readiness to collaborate with the reformers. The sense of this "collaboration" is clear: the reformers keep their radiant reformist image, but...the reforms are rejected. This is how it is, not only in politics, but also, so to speak, in private life. As Brodskiy wrote, "life swings to the right after having swung to the left...."

A Very Modern Party

In June 1992 several political parties and associations created the new Civic Union organization. The founding fathers were: the People's Party for a Free Russia (the leaders were A. Rutskoy and V. Lipitskiy); the Democratic Party of Russia (N. Travkin); the Smena deputy faction (A. Golovik), and the All-Russian Union Obnovleniye. The latter also can be recognized as the true parents of GS, so it is worthwhile to speak about it a bit. Obnovleniye was born in the spring of this year in the test tube of Moscow's political elite. Its creators did not belong to the highest strata of the ruling class. They were ambitious, experienced, and, in their own way, pragmatic politicians, economists, and experts. They were united by confidence in the "impracticality" of Gaydar's version of the reforms and by

the fact that soon there would be a transfer of power, and so if they got busy soon enough, they could occupy the high seats that will have been vacated. Many of the "Obnovleners" already belonged to the managerial class, to be sure, and to those dissatisfied with current political policy. Obnovleniye thus never became a serious political force and, moreover, that was not its mission. For the people who created it, the renewal organization was only the first step toward the creation of a major political organization, a present-day "His Majesty's opposition"—the GS. The heroes who thought up Obnovleniye and the GS were Arkadiy Volskiy and Aleksandr Vladislaviev.

'The Cloud in Trousers,' or the Union's Social Base

Back at the end of the summer, Arkadiy Volskiy reproached the Government because it "has its head in the clouds." Having likened the government to a cloud in civilian garb, Volskiy explained his thought: because "it does not want to speak with enterprise directors."

This expression, which disclosed their position slightly, is typical of GS leaders. They discussed at length and readily the fact that they can help the Government to expand its social base. What the devil, using Arkadiy Ivanovich's words, the social base can be those who have their heads in the clouds, and members of the cabinet with glasses (victims in connection with science), who are terribly far from the people! Pragmatists and centrists can bring various government figures down to earth, "to land" them, to forge a linking with the social base, which is understood to mean enterprise directors.

And this is called a broad social base? But there already was such a base, practically all of whom had been pre-Gaydar cabinet ministers. By some strange caprice of governments, somehow the people and civilian society were not included in this social base.

It can be objected that even now the people are not part of the current government's social base, and a civilian society has not been formed. But persistence in making the reforms is required for this purpose. A lack of governmental persistence, which is caused by a thousand political reasons, has cost it popularity and loss of momentum. Concessions, including personnel concessions, to the Civic Union, can also reduce to naught all the cabinet's superhuman reform efforts of the year.

GS leaders also talk about the necessity for a "mixed economy," about the fact that one of the heads of the Russian eagle faces east, and that means that we should study the "Eastern", particularly the Chinese, economic experience.

But everyone knows that in nature there are no states with an unmixed economy. The Chinese experience deserves study, at least because the so-called "system of personal responsibility," that was authorized in China back in the 1970's led to the development of private farms. But the centrists (the right centrists, to be more precise) reduce all these discussions down to one thing: the introduction of a regulated market. With the absence in Russia of a normal

market it is not at all clear what representatives of the Civic Union want to regulate.

Arkadiy Volskiy is a man of authority. But here is the opinion of a man no less authoritative, Milton Friedman, a Nobel prizewinner for economics: "What is happening in Russia...is happening with the brakes on....The proverb goes: Don't shear sheep a millimeter each day. This also applies to economic reform. It must be done on a mass scale. Obviously, *politically this was impossible* (the italics are ours—P.A., A.K.), it has been frozen, and it still has not happened." (This is from Friedman's interview that was published in the latest issue of the American magazine TIME AND US.) It is probably possible to fight for a "regulated market" from purely political motives. This is confirmed at least by the fact that, according to the rumors, Nikolay Travkin is predicted to get the post of Minister of Economics.

Incidentally, about these very "personnel" rumors. GS figures and their press service refute them persistently, resentfully, and indignantly. But: "You have written me and you do not deny...." The President's press secretary has openly talked about Boris Yeltsin's dissatisfaction with Civic Union's "personnel appetites," and even the President himself, during meetings with leaders of the parliamentary coalition for the reforms, indirectly confirmed that Civic Union all the same had submitted a list of personnel appointments to the Government.

And that is why Nikolay Travkin readily discussed potential government personalities from GS.

Civic Union's proposed list of candidates for ministerial posts—mythical or real—testifies that a government of centrists will consist of nonprofessionals, "pure" political figures whose functional ceiling is lobbying within the government for one's own self-seeking political interests.

Such are the social base and the political "scope" of the Civic Union. Thus, after this, all the same, who is the "cloud in trousers," the current or future government?...

The Meaning of Existence

Arkadiy Ivanovich Volskiy, along with Gaydar, can be called the "man of the year." The "shadow premier," the "gray eminence," "the VPK [military industrial complex] man"—these are not by far all the titles that the press has bestowed on Andropov's former assistant. Volskiy is a genuine politician, not a Soviet official or Soviet manager. He is intelligent, shrewd, calculating, nonideological. With vast connections to the political "ins" and the industrial elite. Knowing when to go into the shadows without seeking cheap popularity, a man with good manners but not given to speaking in bookish or intellectual language. And, like all real politicians, he prefers behind-the-scenes diplomacy and personal negotiations. Today he has practically no equals in this art—with the exception perhaps of State Secretary Gennadiy Burbulis. But Burbulis has authority, and Volskiy is in....But where, strictly speaking, is Volskiy? The question is, as they say, interesting. And the solution to the "secret" not only of Arkadiy Ivanovich but also of the whole GS depends upon it. Volskiy himself

has repeatedly announced recently that the GS is not an opposition: "There are no alternatives to the reforms. What the devil kind of opposition are we?" And this is a completely undisguised characteristic of the GS. Although there is, nevertheless, an alternative to the market—an administrative command economy—Volskiy and the GS are not actually its opponents. The reforms clearly are to their liking. Mainly, the tactics of the reforms do not please them. And the GS is not specially organizing certain concrete reformers. These reformers (of the most varied party origins) also form President Yeltsin's entourage today. The GS is not in opposition to the reforms and not even in opposition to the current policy of reform, the GS is in opposition to the "executors" of the reforms. Here lies the meaning of the existence of the Civic Union.

This is what lies beneath the increase in its popularity. Therefore former members of the Central Committee, the former Demoros [Russian Democrat] Travkin, the former party apparatchik Volskiy, and ambitious young deputies from the Smena faction joined together. Also joining were those who had neither common political views nor a common economic program that was actually an alternative to the government's, nor meaningful public support.

It is difficult to say something definite about the GS's program, it differs so little from the government's. Endless compromises recently drove Dikman, the GS's economic leader, to announce his retirement. They are in point of fact in the center, that is, between those in power and the current opposition. The reluctance to admit that government reforms are tactically correct and disagreement with the pace of converting to the market distinguish the GS from the radical democrats. But these differences are not actually of an irreconcilable ideological nature. Unlike those contradictions that exist between the GS's position and the views of the loyal opposition. Despite unceasing contacts between the moderate element of the National Salvation Front and the GS, the "fronters'" distrust of the "unionists" is too great. And this is completely natural. The "fronters" do not sense in the "unionists" a sincere dedication to "the rightist cause," they do not see true patriots in them. In the rightist camp the attitude towards people of the Volskiy, Travkin, or Lipitskiy type are even worse. They do not trust them, they consider them Demokommunisty [Democratic Communists] who have hidden their true colors. Therefore any kind of really firm union between the GS and the FNS [National Salvation Front] is absolutely impossible, however much certain GS leaders have endeavored to cow the democrats with this possibility. The GS was not and never will be a real opposition. It simply was not intended for that.

The Goal Is Power

But that for which it was intended somehow is not occurring. A smooth coming to power is not happening, and the Government and the President do not want to share power peacefully with the GS. Strange people, to be sure? It offers them (Yeltsin and Gaydar) hand and heart, "a partner, agreeable in all relationships." But Boris Nikolayevich and Yegor Timurovich still are deliberating and vacillating. What is the matter? The GS actually bluffed quite well,

effectively, and wisely. But the bluff was called, and the cards had to be laid out on the table. And here it became clear that the GS had practically nothing to offer the President. The industrialists (the unionists' trump card) somehow, in strange fashion, had not structured and organized themselves, and, having decided to struggle on their own, rejected the services of the "broker"—the GS. With nationwide support, the idea of centrism also did not turn out well: all the people disappeared somewhere. The "mass" nature of the NPSR [People's Party for a Free Russia] and the DPR [Democratic Party of Russia] cannot compensate for such a loss. Neither can the GS counter-balance the true danger: the rightist scientists—you do not lead them. The GS has only one card left, and indeed it is not a bad one: the parliament. This, of course, is not a winning ace, but, as they say, you take what you can get. The Supreme Soviet and the Congress of People's Deputies are the last chance for the Civic Union to show Yeltsin their strength, to prove their influence. "Arkadiy's hand has saved the Motherland!"—this is how the newspaper headlines for Volskiy should look at the start of December. The savior of the President and the Motherland, naturally, can count on not only everyone's love but also on a goodly piece of the Government's New Year's pie. But for that piece to be somewhat bigger, the rescue should be organized effectively. A crisis of power should reach apogee, and there should be an appropriate atmosphere: black storm clouds hanging over the weak democracy, "dark forces are oppressing us maliciously," and there is an "evil mountaineer" with a cold, hungry winter. So then the President will realize that he has no hope of support other than from a citizens' union, that is, the Civic Union. And the GS, in gratitude for its service, will get several ministerial portfolios and much more to boot. But it will not be the main thing—there will not be a greater Civic Union. Because the GS's mission will have been carried out, the goal achieved. The candle will be extinguished and, in the gloom that sets in, everyone will see that the emperor had no clothes. What feathers were broken in vain in half a year and what miracles did not occur, because the GS did not have any formula for salvation stored away. Further, there could not have been. For the aim was very concrete: power. And the end in this case determined the means used.

The Rules of the Game

The current Government will become the hostage of the Civic Union. It will be forced to make concessions. Arkadiy Volskiy has repeatedly said that he does not want to have the prime minister's job. However, as the newspaper KRUA noted correctly, one does not need to occupy the prime minister's post to determine the country's economic strategy. Gaydar can be turned into a purely impressive "showcase" political figure, with Civic Union leaders being the real power. Who will be blamed the next time for the collapse of an economy that is fully socialist in spirit?

Already now V. Shumeyko has announced the constructive potential of the GS's economic proposals. President Yeltsin talks about the fact that he has not seen great

differences in the Civic Union's position and the government's program. Yegor Gaydar expressed himself somewhat more critically about the GS's program, noting that some of its proposals are dangerous.

Economically, perhaps, the Government actually, in Gaydar's expression, will be able "to incorporate all that is wise from the centrists' program into the practical work of the organs of power," but politically a washing away of the Cabinet of Ministers by GS personnel would signify a sharp shift of the Government to the right and even a real change in policy under Yeltsin and Gaydar.

Boris Yeltsin, just like the Government in its present form, is being turned into a hostage of political games that are not the most subtle by far. With the GS winning everything, beginning with Popov's RDDR [Russian Movement for Democratic Reform] and ending with moderately rightist forces. A former Komsomol figure, Dmitriy Rapozin, now a member of the political council of the Union for the Rebirth of Russia, has spoken out in favor of creating a powerful coalition of centrists forces under the President. Taking into account the close ideological ties of the centrist forces with the moderately rightist oppositions, the meaning of the creation of this kind of "coalition" becomes evident.

However, Volskiy once again personally and involuntarily "opened himself up slightly": "We are not the opposition," Arkadiy Ivanovich is outraged. "No one is getting ready to overthrow anyone. We must all work together." But if the Government does not want "to work together" on the terms proposed by the "powerful coalition of centrist forces," then what? And "then it will be necessary to seek others—those who understand. Then we should go into the opposition. I emphasize, I would not want this."

Volskiy apparently wants nothing but the "circumstances" themselves that push him to the top of the power pyramid. If, contrary to expectations, the GS leader nevertheless turns up at the helm of state, he also then will say, sighing heavily: "I repeat it 25 times: the Lord knows, I did not want it!"

Industrialists Congress Assessed

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in Russian 17 Nov 92 p 1

Report by Anna Ostapchuk and Yevgeniy Krasnikov:
"Volskiy Waits for Tomorrow and Promises Government
Trouble if His Program Is Not Adopted"]

[Text] The Congress of the Russian Union of Industrialists and Entrepreneurs [RUIE] was held 14 November at the Palace of Culture of the No. 1 State Bearing Plant. In its organizers' opinion, the event was meant to demonstrate that the "RUIE is an association of industrialists" (incidentally, the first congress of directors was held at the very same Palace of Culture in early 1991).

According to information from the credentials commission, half of the 1,152 congress participants were leaders of "industrial enterprises of various forms of ownership,"

less than a quarter were "leaders of entrepreneurial organizations," and only 87 were representatives of banking and stock exchange circles.

The congress opened with a report from Russian President Boris Yeltsin, who, judging by everything, was not received very enthusiastically by the industrialists. Yeltsin promised that "part of the 'Civic Union' program will become part of the government program," but that at the same time it contains measures which are totally unacceptable—such as the "barely concealed desire to revive state orders, the plan to freeze prices and wages, and some of the measures in the currency sphere." Very typically the president was applauded just once—when he stated that henceforth the government intends to take out loans with no strings attached, thereby creating new jobs at home rather than in the creditor countries, and spoke of the need for state protectionism when issuing concessions for the development of areas rich in natural resources. But the president did not touch on the most acute issues at all—such as the problem of the relationship between the executive and the legislature and the possible introduction of presidential rule. As one of the delegates told NEZAVISIMAYA GAZETA's correspondents, "the president's speech left many of us feeling dissatisfied."

On the other hand, the report delivered by RUIE leader Arkadiy Volskiy seemed to please everyone. He quietly set out all the complaints against the government, not even forgetting to mention the "self-styled experts in combating nomenklatura revenge from 'RF-politika,'" who have been really annoying the centrists lately.

The RUIE Congress was planned back at the beginning of the year as an event where there would be a report from the Union's board and a discussion of various domestic problems. But in August the conference of commodity producers (which Volskiy also attended) was held, and the tone was set by radical opposition members from the "Industrial Union" faction. The commodity producers decided to hold their congress in September-October and to discuss and ratify an alternative to the government's economic program. The elaboration of their program was dealt with by the Supreme Soviet's Supreme Economic Council [SEC] under the leadership of Vladimir Ispravnikov. At the same time, they were probably hoping that the program drawn up by "Civic Union" would also be examined by the congress of commodity producers, combined with the SEC program, and submitted to deputies as the only alternative to the government's policy. But "Civic Union" was able to seize the initiative, and the planned RUIE Congress assumed a different, political importance.

In particular, at the 3 November meeting between Civic Union leaders and Yeltsin, Volskiy drew comparisons between his congress and that of the commodity producers—not to the latter's benefit, needless to say—after which he invited the Russian president to visit the No. 1 State Bearing Plant's Palace of Culture 14 November. On the other hand, following the approval of the Civic Union "Action Program To Extricate the Economy From Crisis" by the RUIE delegates, it has been dubbed the "industrialists' program" on the eve of the Congress [of people's

deputies]. Whereas the congress of commodity producers is considerably behind schedule. It had been thought that their congress would see the presentation of the "Ispravnikov program," which was to have been submitted to the Supreme Soviet with the commodity producers' approval. But both the Congress and the presentation of the program to parliament are scheduled for 19 November. And the SEC program is so far known only in "outline" form.

Thus, the centrists have not yet been able to pool their efforts on the eve of the Congress. This was noted by Vladimir Novikov, coordinator of the Council of Supreme Soviet Factions, who spoke at the RUE Congress. As he put it, "if the two centrist blocs ('Democratic Center' and the 'Creative Forces Bloc') fail to agree to cooperate, left-wing radicals will be victorious at the congress."

Consultations between experts from the government and Civic Union should begin Wednesday 18 November. Arkadiy Volskiy has expressed a desire for SEC representatives to take part in them too. But their positions would be understandably weaker than those of the first two participants. In the opinion of many experts, the Civic Union and SEC programs coincide 70-80 percent, while the indisputable advantage of the "economic section of the comprehensive Civic Union program" is that it already exists and has been approved by a representative forum such as the RUE Congress. The government's anticrisis program, drawn up by a commission headed by Vice Premier Aleksandr Shokhin, is also ready and was last week distributed to deputies for familiarization. Its main shortcoming is its size—150 pages. But it comes with an appendix—a list of specific anticrisis measures which, in the deputies' opinion, is very handy, since it gives them an opportunity to subsequently specify concrete complaints too.

The consultations should result in the three programs being integrated into one. NEZAVISIMAYA GAZETA's correspondents were told by People's Deputy Vitaliy Vitebskiy, deputy chairman of parliament's industry commission that, "I hope that the Supreme Soviet will manage to reach agreement before the congress and adopt a single anticrisis program, otherwise the congress will be a disaster."

Arkadiy Volskiy is of the same opinion. At a press conference devoted to the results of the RUE Congress, he noted that he was happy with the speeches made at the congress by Yegor Gaydar and Boris Yeltsin, and that both had taken quite significant steps to meet the centrists halfway. But if agreement is not reached before the Congress, "things will go badly for the government."

Court Chairman Hits 'Local Ambitions'

*MK1711155092 Moscow KURANTY in Russian
17 Nov 92 p 5*

[Interview with Valeriy Zorkin, chairman of the Constitutional Court, by Konstantin Katanyan; date and place not given: "Valeriy Zorkin: Getting Out of the Storm Area As Quickly As Possible"]

[Text] The Tatar parliament has adopted a new constitution. The republic has declared itself a sovereign state, a subject of international law, associated with the Russian

Federation on the basis of a treaty on the mutual delegation of powers. How far does this formula fit in with the Russian Federation Constitution?

Answering this question, Valeriy Zorkin, chairman of the Constitutional Court, stressed that back in March the court made a ruling on Tatarstan. Our decree, Valeriy Dmitriyevich noted, should be implemented within the framework of the federal setup in which we live. We have the Russian Federation Constitution, which covers the powers of the federal authorities and those of the republics and other Federation components. The life of the country is based on this reciprocity. If any component violates this principle, every measure should be used to reestablish the law.

The Constitutional Court protects the interests of both the Federation and its components. The ruling on Tatarstan was the first ruling from a supreme organ of federal power which officially recognized Tatarstan's rights as a state formation and a subject in law [subyekt prava]. But the question arises to what extent each participant in political life can act independently within a single rule-of-law state. I think that in any part of Russia this process should be based on the Russian Federation Constitution. If this does not happen, it will mean that we face a breakdown of the constitutional system.

[Katanyan] But many people have serious doubts about whether the federal authorities currently have the effective means to protect the constitutional system. The law defining the sanctions for failure to carry out Constitutional Court rulings has only passed its first reading, and, consequently, is not in force.

[Zorkin] There are two aspects to this. The first is: Do the legal means exist? Yes they do; they are defined by the Constitution and by Russian Federation laws. The second is: Does the state have the ability to render these legal norms kinetic rather than potential? This would allow us to talk about an effective state where the rights of the federal center can be balanced against those of the state's components. If the state is incapable of carrying out its functions it will inevitably collapse.

I believe that our country has the strength to create a rule-of-law federal state and that we are not yet finished as an integral whole. But in both Moscow, Kazan, and other parts of the country people must think about just what they actually want, and what is more important to them—human rights, a good life, or local ambitions? If we are planning to talk about protecting the constitutional system, then we must realize that we are all in the same boat—the same big ship—which has sprung a leak. We need to get out of the storm area as fast as possible. But if everyone thinks that they can save themselves independently, that will lead to disaster—there will be attempts to secede on one side and efforts to stop that secession at all costs on the other. In the region planning to secede this

process will run deep—and, as a result, the same thing will happen as happened to the Union.

[Katanyan] One would like to believe that the crisis can be resolved on the basis of talks. Otherwise Russia will have to apply tough economic sanctions—as some deputies are suggesting. But it's scary to even think about strong-arm measures. Isn't a war in the Caucasus enough for us?

[Zorkin] Of course we're not talking about sending in the tanks. We have just one option—getting around the negotiating table to resolve the conflict in civilized fashion. If the sides stop thinking about how to fool each other and start trying to make use of our own and foreign experience, then we may be able to settle this process. We need to realize that any aggravation of the situation by either side could lead to a deepening of confrontation. We need to stop before it is too late, otherwise each side will think that it is the only sovereign power—and then an uncontrollable chain reaction could begin.

[Katanyan] What is your view of the forthcoming Congress of Russian People's Deputies and the problems which it will primarily address?

[Zorkin] The key problems today are mainly economic, because living standards are falling disastrously and it is not clear how long the people will tolerate this situation. If their patience runs out, the constitutional system will be blown asunder.

The second problem is that of Russia's federal unity—in other words, the correlation of rights between the center and Federation components.

And the third problem is law and order—the issues of observing the law and reducing the amount of lawbreaking and crime. The Constitutional Court is very concerned about the state of affairs in this area. In June we issued a statement on this but, regrettably, the situation has not been remedied, crime is on the increase, and I fear that, if these trends are not nipped in the bud, we will wake up one fine day to a crime-infested state.

The best way of getting out of this situation is to clearly recognize that we need to reach a national consensus—not only between power structures but between all political movements and parties. National consensus and a "round-table" should be seen as the only possible option at this stage and given new impetus. Here too the main role should be undertaken by the Russian president. He is the one—as president of all Russian citizens—who must utilize the advantages of a presidential republic (not to be confused with direct presidential rule) and the rights enjoyed by a rule-of-law president in a system of the separation of powers. I can see no other approach. Otherwise dissension between political forces and power structures will be inevitable, and then our ship will not only go down, but explode. If that happened, even the best swimmer would be unlikely to make it.

Edict Broadens Sale of Weapons to Citizens

935D0094A Moscow ROSSIYSKIYE VESTI in Russian
12 Nov 92 p 1

["Edict of the President of the Russian Federation: On Special Means of Self-Defense Charged With Tear Gas and Irritants"]

[Text] In order to reinforce the protection of the life, health, and property of citizens from illegal encroachments until the adoption of the Law of the Russian Federation "On Weapons," I decree:

1. To establish in the Russian Federation a standard procedure for the acquisition, storage, and use by citizens of special means of self-defense (gas pistols and revolvers, cartridges for them, and aerosol containers) charged with tear gas and irritants (henceforth—special means of self-defense).

Permits to acquire and store special means of self-defense are issued by internal affairs organs at the place of residence of the citizens. Special permission is not required to obtain and store aerosol containers.

2. To establish that the sale of special means of self-defense is conducted by enterprises with permits from internal affairs organs.

The registration of special means of self-defense, with the exception of aerosol containers, is carried out by internal affairs organs at the place of residence of the citizens.

3. To the Government of the Russian Federation, within two months:

to determine the procedure for the development, production, and salvage of special means of self-defense;

to approve the rules for the acquisition, registration, and circulation of special means of self-defense;

to consider the question of assigning additional staff workers with the corresponding financing for licensing and control of the acquisition, storage, and circulation of special means of self-defense;

to provide for the revision or abolition by ministries and departments of the Russian Federation of their normative acts that contradict the present edict.

4. To the Ministry of Justice of the Russian Federation and the Ministry of Internal Affairs of the Russian Federation in conjunction with other interested ministries and departments within a month's time to prepare proposals for establishing responsibility for violation of the policy for the development, production, acquisition, registration, and circulation of special means of self-defense

5. The present edict goes into force from the moment of its publication.

[Signed] President of the Russian Federation B. Yeltsin
Moscow, the Kremlin
8 November 1992
No. 1341

ECONOMIC AND SOCIAL AFFAIRS

Chubays on Privatization, Reform Issues

934C0344A Moscow LITERATURNAYA GAZETA
in Russian No 47, 18 Nov 92 p 10

[Roundtable discussion with Deputy Prime Minister of Russia Anatoliy Chubays at the LITERATURNAYA GAZETA editorial office; date not given; published under the rubric "Club 206": "Anatoliy Chubays: 'Up to 80 Percent of State Property Will Go for Vouchers'"]

[Text] This time the guest of Room 206 for the traditional meeting with LITERATURNAYA GAZETA journalists was Anatoliy Chubays, deputy prime minister of Russia, chairman of the Russian Federation State Committee for Management of State Property, and author of the program of privatization of state property, which seems to finally be beginning to materialize into something real. Naturally the gathering was quite large—practically everyone was anxious to ask questions on the topic that will determine either the success or the collapse of the reform.

The editor in chief, however, did not want to "rush things." The first questions, asked—also in accordance with tradition—by Arkadiy Udaltsov, were more of an informational than topical nature: "Where did you work before coming into the government, Anatoliy Borisovich? What did you do before then? How did you find yourself on Gaydar's team?"

Who Is Who

It was then that we found out that Anatoliy Chubays' father is a military man; that the family moved many times, traveling the Union, but most of his—so far, not too long—life (he is 37) Anatoliy Borisovich lived in Leningrad, "that is, in St. Petersburg," he corrected himself. It was there that he graduated from the Institute of Engineering and Economics; it was there that he started his career, first as an engineer, then at a teaching faculty, like everyone else: starting as an assistant and later becoming an associate professor. Such is the initial resume. Completely different merits than this service record, however, propelled him up the ladder.

Anatoliy Chubays. Sometime in 1979-1980 we began to organize in Leningrad a small—well, not even a team, something more like a group (initially two or three people) who were trying to figure out why it was impossible to get from official science the answers to puzzling questions regarding the most crucial economic issues. We dug into semirestricted information sources, pushed our way to restricted-access departments in libraries, studied the experience of East European reforms (particularly the experience of Hungary), and researched the NEP [New Economic Policy] period. We wrote voluminous papers.

Then at the beginning of the 1980's we discovered that there was a similar team in Moscow doing the same, except perhaps more professionally than we did. It was the team of Yegor Gaydar, who at the time worked at the Institute for Systems Research. Since then we have been working together closely.

Since 1985 we have been actively involved in everything that was then associated with the democratic movement in Leningrad. We prepared programs for candidates for people's deputy. When in 1990 the democratic forces won in Leningrad, the deputies came to us and said: "Well, guys, you have been telling us so much about how to conduct economic reform—now it is your turn to get to it and do it." This is how I became deputy chairman of the Leningrad City Executive Committee.

Then at the next stage it turned out that Gaydar received a similar invitation at the national level. This is how I found myself in Moscow.

On Prices for Meat and for Luzhniki

Grigoriy Tsitrinyak, commentator. As is known, cold storage facilities are packed with meat, while the stores are not taking it because it is too expensive. At each stage the price of meat goes up because of value-added tax [VAT]. What percentage of the price of meat comes from value added tax?

A. Chubays. There is a mistaken perception in the mass consciousness that a value-added tax of 28 percent is added at each stage of production. This is not so.

A. Udaltsov. This should be not so.

A. Chubays. It is as a rule not so. It is not so because VAT is the difference between the money an enterprise director must pay to his suppliers for products, raw materials, and semifinished goods and the money he will receive from his consumers. Is this clear? What is added at each stage is not 28 percent—it is the difference between what he pays and what he is paid.

What is the share of VAT in the final price of meat? I cannot give you a precise figure, but I guess intuitively that its real weight in the retail price of meat amounts to about 10-12 percent. The real price of meat, however, is currently determined not by VAT at all but by the level of effective demand.

This is where the problem of overflowing cold storage facilities comes from. Although it is, of course, also linked with corruption, as well as with the state system which still operates in a distributive mode, and also to a considerable degree with the state retail trade system. But the deep-seated cause remains the fact that with respect to meat we have exceeded the limit of effective demand.

Igor Gamayunov, commentator. Luzhniki has been privatized, with an appraised value of 98 million rubles [R]. Our legal department became curious about this miserly amount, consulted with a government adviser on economic issues, and found out that the real value of this stadium is several billion at a minimum.

How would you comment on this gap?

A. Chubays. I have not been involved specifically in the Luzhniki deal, but I can answer your question in substance.

The differential between the appraised and real value is a commonplace phenomenon. And it is far from accidental. We have consciously built this differential into the entire technique of privatization. Why?

There are thousands of methods to determine the market price of a property, and each is considered by its author the only correct one. It so happens, however, that in this respect we already have real life practical experience. Your humble servant was probably the first boss in St. Petersburg who approved the method of property valuation for privatization purposes by calculating future profits. We fine-tuned this method until we became 100-percent convinced that it was unworkable. Because no matter how much you narrow down the parameters, there still remain considerable margins, allowances, that allow you to make the appraisal value of the property two and sometimes five times higher.

In the end it became absolutely clear to us: No matter how many methods we invent we will never get the real value. And since that is so, you can imagine right away the scale of corruption that will emerge around each property (which may be worth R500 million or R1 billion depending on which way you turn the "allowances"). Based on this, we flatly rejected the approach based on future profits and adopted a completely opposite method. It consists of two key points.

First: The valuation of property is done according to the residual book value.

Two: The sale of any property may be done only through bid or auction. This means that the first appraisal is always only a starting price. The final price is determined not by Chubays, not by the government, and not by Gaydar—it is determined by the market.

Lora Velikanova, commentator. I was just talking to the people at VTsIOM [All-Russia Center for Public Opinion Studies]. During 10-20 October they conducted a survey on privatization vouchers. The sample included 1,560 people, that is, it is representative enough to characterize, as sociologists say, all of Russia. The survey produced quite a bit of data, but I became particularly interested in one piece. To the question: "What are you going to do with your privatization voucher?" 22 percent of respondents—that is, more than one-fifth—said: "Will sell it for cash."

In your opinion, to what extent will the pressure on the consumer market increase? And what will be the scale of the new round of inflation in this case?

A. Chubays. We follow this indicator very attentively—the inclination on the part of the population to sell the vouchers and receive cash. The VTsIOM data shows 22 percent? This is quite serious. VTsIOM surveys are reliable. Generally, estimates vary from eight to 25 percent.

As to renewed pressure on the consumer market, this is a completely legitimate question. There will be such an effect. And the effect will be negative. It boils down to the fact that the population will receive an infusion of means of payment. The voucher itself is not, but the money it will be sold for is.

To provide a serious estimate of the scale of this phenomenon is rather difficult right now. I think the inflation dynamics will reach 10-16 percent. Considering that during September and October we have already managed

to reach a 28-percent a month price increase, 10-16 percent is an unpleasant but not destructive consequence of such sales.

Besides, strange as it may sound, this unpleasant process contains one important positive component. It has a direct bearing on the limited effective demand for meat and dairy products. We have to either provide subsidies to the entire animal husbandry industry, or expand effective demand, which, as I have already mentioned, creates a bottleneck for the entire technological chain. Selling vouchers will partially reduce the stress in this respect. It is not large-scale or long-term, but still a solution to the problem for about four or five months.

Aleksandr Sabov, commentator. Are you not concerned that, for instance, private kiosks on Kalininskiy Avenue sell privatization vouchers right next to dollars and German marks? They buy them for R3,000, and then sell them for R4,000 or R6,000. Is this not speculation?

The privatization checks were supposed to be name-bearing. Why did that not happen?

A. Udaltsov. Anatoly Borisovich, I have a feeling there will be a lot of questions on privatization vouchers. You have read, of course, many critical articles about them. What among this criticism do you reject, and what can you accept?

Also this: What is the best thing to do with the voucher, after all?

A. Chubays. I will answer all these questions.

I will start with the one about whether we are concerned that commercial kiosks got involved in buying and selling the vouchers. My answer is unequivocal: We are not concerned at all. On the contrary, we are very, very glad to see this. I see it as a very positive phenomenon that completely supports our forecast regarding the real mechanisms that make the vouchers begin a normal, real life.

A. Sabov. Even the fact that they are sold below face value?

A. Chubays. This is a different question.

Why could we not issue name-bearing vouchers? First, it would have cost at least five times more and would have required considerably more time. And second: Why at all should we forbid people to use part of their property any way they see fit? For the life of me I cannot understand this logic.

What is this voucher? It is a share each of us has in all-state property. If we tell a person: You can only do this and that with this share, we give him only one option—to become an entrepreneur, a businessman, to buy stock no matter what. But what if he does not want to become an entrepreneur, does not feel he has this entrepreneurial streak? Why should we force him?

We—and I say this on behalf of the government—must give a person a choice. If he wants to buy stock, let him buy it; if he does not, so be it. This is a fundamental economic decision each person has to make for himself. He wanted to sell his privatization voucher—he went and sold it for

R4,000. It is his decision. It is the least lucrative of all possible options, the lowest market price that will ever exist for these vouchers. But it is his decision—he wanted it that way—let him do it and later blame himself, not others. He bought a case of vodka? Well, he would have bought the same with stock dividends, too.

What is important for us? For a real voucher market infrastructure to begin to emerge. This infrastructure consists of various elements; one of them—the hottest—are the kiosks, small retail shops. They buy two or three vouchers at the lowest price. Behind them is the next tier of structures, which intend to work with batches of vouchers. At a different price, naturally.

Now, on whether the real emerging price of the voucher concerns us. Yes, it does. Very much so. I speak quite frankly. We understand, of course, that the current going price for vouchers is only remotely related to economic categories. Why? Because not a single share of stock has yet been sold in Russia for vouchers. This will start a little later. The edict says that the vouchers are valid starting 1 December, so at this point they are, one might say, invalid. And their price is not an economic indicator related to the volume of property and, on the basis of this, the relationship between supply and demand; rather, it acts as a psychological and political indicator.

The price depends on, and is determined by, whether businessmen believe that something may be gotten for this paper or not. Whether they should take it seriously or not. Whether they believe that a massive sell-off of property is beginning, or not.

In this respect we probably made a mistake in believing that we should start unfolding voucher auctions on a massive scale sometime in December. The delay turned out to be dangerous—the price of the voucher fell before December came along. Therefore we made a fundamental correction to our tactics: I have signed several major documents on the procedures for holding voucher auctions. Before the end of November we will conduct several demonstration voucher-based auctions on several specially selected facilities. The very first voucher-based auction will reveal the first real value of the voucher.

It is absolutely clear to us that the real market price of the voucher will be considerably higher than its face value. We now have no doubts about that. What is important right now is to take hold of the situation, to not allow confidence in the vouchers to slip away.

Yuri Solomonov, deputy editor in chief. I have a question of a humanitarian nature. Regarding privatization through auctions. I understand what benefits it will bring, but I would like to hear your opinion on the costs of this mechanism.

Much has been said about social protection. Is there, though, a mechanism for spiritual protection? Perhaps it sounds peremptory, but I am convinced that such a wildcat market as we have now in the process of privatization (especially on a competitive basis) will lead to a certain

degradation, the thinning of the cultural layer. Is there not a drama in the very mechanism of privatization "for the rich"?

A. Chubays. I would agree with you in that there is not a single decision in the privatization—or in economic matters in general—that is ideal, that does not have any costs attached. We have to understand this clearly. And it is naive to think that the authors of the privatization program do not see its faults.

The question is not whether there are costs or not; the question is of degree, the scale of harmfulness of an economic and social nature. I follow this particular component of the privatization process very attentively.

If the crux of the problem is, however, that "the rich will buy it up," I am convinced that this is the way it should be. Moreover, until we overcome our intuitive rejection of the rich we will not make any progress. We will be held back by the residual of that traditional communist leveling which still exists in each of us to a greater or lesser degree. In this respect I subscribe to the famous dictum: He who was not a socialist when he was under 20 does not have a heart; he who remains a socialist when he is over 30 does not have a mind.

Looking at the problem somewhat more professionally, the essence lies in retaining the profile of the enterprises being privatized. This is a serious question, but it can be resolved effectively, as well as competently in a legal sense, by forgoing auctions in some instances and choosing bidding procedures instead. The difference between an auction and a bid is that under the bidding procedure there is a strict condition attached: the requirement to preserve the enterprise profile. If this condition is violated, the buy-sell contract may be invalidated. If a bakery switches to selling cognac and chewing gum, it should immediately be taken back.

Yu. Solomonov. It is easier to change the profile of a newspaper than of a bakery.

A. Chubays. A newspaper? Of course.

Igor Ivanov, executive secretary. What do you do in the event of wildcat privatization? Is there a policy in this respect?

A. Chubays. There are two kinds of incidents. One is when norms of legislative acts clearly have been violated. In this case we act through the arbitration court, and there have been quite a few cases in which we terminated the contract and held a reprivatization.

There is also another type of violation, where a wildcat privatization is done seemingly on the fringe of the law. With respect to this our efforts are aimed not at catching some kiosk owner red-handed for selling God knows what instead of newspapers, but rather at developing general norms that will make it possible to bring order in the operation of the entire network, bring it into the normal course.

Yu. Solomonov. Do you have something to say about the labor collectives' preferential rights with respect to privatization?

A. Chubays. I am absolutely convinced that it would be a horrible mistake—political, economic, and moral—to give all the property we have to one half of the population. What about the other half?

This means that if I am lucky and happen to be employed by the Astoria hotel, I will provide for myself and my children for the rest of my life. If I am not lucky, though, and happen to work for LITERATURNAYA GAZETA or, even worse, for the State Committee for the Management of State Property, what am I to do? Hang myself? Therefore I categorically oppose a complete transfer of property to labor collectives. At the same time, I wholeheartedly support serious preferences for labor collectives, which is reflected in the privatization program.

Irina Gurova, commentator. I would like to understand what share of state property will be covered by privatization vouchers.

A. Chubays. Of all property subject to privatization, up to 80 percent will be sold for vouchers. This comprises the overwhelming share of property—with the exception of mineral resources, objects of historic or cultural value, enterprises producing armaments, and the state treasury. And perhaps another 10 properties.

Irina Rishina, department editor. I want to ask a question that continues to be a matter of concern to the literary community. The property of the writers' unions. In a previous issue of LITERATURNAYA GAZETA we reported on the directive adopted by the government. What is the mechanism of carrying out this directive? Has it been worked out?

A. Chubays. We have made a decision on solid legal grounds. How will it be carried out? Very strictly, using all organs, including the Ministry of Internal Affairs. It will be brought in at any time should the need arise. And everything written in the directive will be carried out.

"Boris Nikolayevich Will Have the List"

Yuri Shchekochikhin, member of the editorial board. I am interested in one question which everyone is asking themselves and each other: Will the government survive? A few days ago Yeltsin met with the leaders of the Civic Union; according to a Radio Liberty broadcast the latter demanded of the president the resignation of Gaydar, Poltoranin, Kozyrev, Nechayev, and Aven. What can you say in this respect?

A. Chubays. Journalists are so much better informed than members of the government.

All jokes aside, there are 10, or perhaps 20, lists prepared by the Civic Union.

In reality, the Civic Union is just a conventional name; it unites social structures that are very different with respect to their interests and political priorities. No wonder there

are so many lists and that they are so different: Travkin has one, and Rutskoy a completely different one.

It is clear that in the end there will be only one list. And the man who will have it is Boris Nikolayevich Yeltsin.

These lists have one very interesting common trait: When you look at one it is very easy to guess who the author is. Because it is immediately clear what position should be vacated for whom in order for everything in the country to go right.

Will the government survive? Ask me an easier question. The situation is difficult—who could answer this unequivocally? I can only tell you one thing with certainty: The government knows what needs to be done and how from now on. We have in our inventory not only programs and slogans but also the unique, practical experience of working in most difficult situations.

It is easier for me to answer a different question—what the Gaydar team considers important. We believe that the main priority is not keeping Chubays, or even Gaydar. The main priority is to do everything necessary to maintain the current course of reform.

In this sense the main and most frightening danger is that the situation may turn in the direction of emergency decisions or anticonstitutional measures. I mean any actions aimed at radical infringement of any power that exists today. This is something we categorically oppose. It is also something we will simply not participate in.

Yu. Shchekochikhin. Including the congress?

A. Chubays. Until there is a constitutional decision on changing the powers, changing the very principle of forming the congress, it will exist. This is our position. This is our first and main priority.

The second priority. I am deeply convinced that there are different kinds of personnel changes. Some are associated with certain weaknesses in the government that indeed need to be corrected. Others, with the fact that certain political figures claim certain chairs. I believe it is inadmissible for personnel changes of the latter kind to undermine the number one principle—preservation of the course. In this respect there is a limit to compromises. A certain line beyond which I for myself would consider the preservation of the government impossible. Beyond that line I, for instance, cannot take responsibility for the privatization program.

A. Udaltsov. Tell us please about the statement by four government members regarding the coup that is allegedly in preparation. There have been differing reports on this in the press. Also, for some reason you were absent at the Supreme Soviet.

A. Chubays. The story is utterly simple. There was a meeting between four members of the government—Burbulis, Poltoranin, Kozyrev, and Chubays—and journalists. To be more precise, a series of meetings. During the meetings concerns were voiced over the processes resulting from the Supreme Soviet's sharp turn to the right, the strengthening of its conservative wing, their demands

along not only antigovernment lines—we are also already used to that—but anti-president as well.

What happened next? Two versions of the game of gossip. One—in passing on information about the content of the meetings for publication in the Western press. The other—in preparing the material. Each added two to three degrees to this mixture. The result produced the impression that we had ostensibly turned to the West for help in an immediate overthrow of the Supreme Soviet.

As to A. Volskiy's reference to the newspapers alleging that journalists had to pay \$300 for participation in the press conference, as is known, this has been refuted by the journalists themselves.

Why was I not at the Supreme Soviet? For one and only one reason: At the time I was on a business trip in St. Petersburg.

Anatoly Stroyev, commentator. Do you allow for the possibility that your privatization program will fail? What will you do if this happens?

A. Chubays. Yes, such an outcome is possible. Alas, there is no irreversibility in this. With respect to small business privatization—yes, it is impossible to turn back: there are many regions where 70-80 percent of the stores are already in private hands; in the majority of regions it is 40-50 percent; nobody can stop this any longer.

The privatization of large enterprises is still in its infancy, however. It can still be strangled in the cradle. Many hands are reaching out with that particular purpose.

I can only tell you that I will be working exactly as long as is necessary to finish everything we have started.

Yelena Yakovich, commentator. Would you tell us please what you are going to do with your own voucher? If it is not a secret, of course.

A. Chubays. The most effective way is to invest it in stock through employees of profitable enterprises (for those who have such an opportunity). Unfortunately, I do not. The

second most effective way is through an investment fund. The reregistration of investment funds has now begun. I will wait two to three months (at a minimum until February-March) until I see the real status of each of them, and then make my choice.

DELOVOY MIR Economic Statistics, 17 October 934A0227A Moscow DELOVOY MIR in Russian 17 Oct 92 pp 2-3

[Report on economic statistics of the Russian Federation by Valeriy Galitskiy, Aris Zakharov, and Aleksandr Frenkel: "Here We Go, Friends, Here We Go"]

[Text] As a result of steps undertaken with the aim of normalizing payment-clearing relations in the national economy, the critical situation with respect to interenterprise settlement of accounts for delivered goods is easing. According to the data received from industrial enterprises, the total amount of past-due debt owed by consumers for delivered goods (nonpayments) grew by six percent in August of this year, as compared with 26 percent in July, 39 percent in June, and 93 percent in May. The slowdown with respect to the pace of debt increases in the industry was helped by the opening of a credit line aimed at clearing the debt of enterprises entered in the insolvent file, the expanding practice of prepayment for goods shipped, and slower sales.

As of 1 September the total amount of arrears in the industry amounted to 1.9 trillion rubles [R]—an increase of R114 billion during August (R366 billion in July). Enterprises in a number of industries in August for the first time posted a decline in the absolute size of the arrears. Among them are enterprises in nonferrous metallurgy; machine building and metal works; and in the timber, woodworking and pulp and paper, light, and microbiological industries. It is expected that in September the total amount of arrears will be reduced across the industrial sector as a whole.

Past-due debt owed for shipped goods by some industries is shown by the following data:

	Past-Due Amounts Owed for Shipped Goods, Billions Rubles		As a Percentage of Total Owed	
	As of 08/01/92	As of 09/01/92	As of 08/01/92	As of 09/01/92
Industry—total	1,769.3	1,883.2	61.5	60.6
of that:				
—machine building and metalworking	393.2	376.5	55.5	54.4
—ferrous metallurgy	290.8	354.2	63.6	76.1
Chemical and petrochemical industry	202.0	218.8	62.1	62.2
of that:				
—light industry	147.3	140.3	70.1	71.1
—nonferrous metallurgy	172.8	145.8	77.3	47.4
—fuels industry	169.4	193.9	51.1	50.8
—timber, wood-working, and pulp and paper industry	101.7	97.9	65.3	65.8

More than one-half of the total volume of arrears fell on enterprises in machine building and metalworking, ferrous metallurgy, and chemical and petrochemical industry. As in July, 78 percent of Russia's industrial enterprises were in arrears in August. Ferrous metallurgy, as well as the chemical and petrochemical, microbiological, glass, and porcelain-stoneware industries, had a considerable proportion (91-94 percent) of such enterprises.

The decline in the amount of past-due debt in August was observed in the Russian Federation's 36 constituent republics, krays, and oblasts. Most noticeably, past-due debt amounts declined in the industry of Sakhalin Oblast, the Komi Republic, North Ossetia (22-26 percent), and Adygea and Kurgan and Kaluga Oblasts (31-36 percent). At enterprises of nine regions, including the city of Moscow, the Republics of Tatarstan and Karelia, and in Samara and Nizhny Novgorod Oblasts, past-due debts comprise less than 50 percent of the total debt for goods shipped; at enterprises in the Republics of Tuva and Khakassia, and in Kamchatka and Tomsk Oblasts—between 81 and 87 percent.

The Production of Key Varieties of Output

The decline in the output of many key products is deepening. Of 231 items counted in periodic reports, for 197 the monthly output is lower than in September 1991. For 113 items the decline is estimated to be 25 percent or more. Among them are peat, steel pipe, alternate current electric motors, drop forges, excavators, polypropylene, pipes and pipeline parts made of thermoplastics, automotive tires for agricultural vehicles, film for movies and photography, lumber, a number of the most important household appliances and light and textile industry goods, and food products.

The nine-month decline exceeded that for all of last year with respect to production of automotive gasoline, boiler oil, electric bridge cranes, railroad freight cars, mineral fertilizers, polyvinylchloride, paper, particle board and hard wood-fiber panels, cement, high-grade asbestos, asbestos cement pipe and couplings, pliable roofing and insulation, refrigerators and freezers, radio receivers, television sets—including color, motorcycles, bicycles, cotton and silk fabrics, knitwear, footwear, whole-milk products, vegetable oil, and cereals.

With respect to most of the aforementioned products, the decline in September increased as compared with the eight-month period by 10-26 percentage points, and in a number of instances by 30 or more points.

With respect to 70 varieties of products, the daily output is lower than that in August of this year.

In September of this year in the mining industries, the daily output of oil fell by two percent as compared with August; with respect to coal, it rose by three percent. The lag as compared with the level of September of last year amounted to 16 percent and 11 percent, respectively. Over the month the consumers received 5.8 million tonnes less of oil and 3.1 million tonnes less of coal than last year, and

for nine months as whole—48.8 million tonnes and 13.2 million tonnes (14 percent and five percent) less, respectively.

Because of the decline in the production of hydrocarbon raw materials, oil refineries in September produced less of the following than during the same month last year: automotive gasoline and diesel fuel—13 percent, and boiler oil—11 percent; for the nine months as a whole the output of these fuels is seven to nine percent below that of last year. In this situation, the problem of supplying the national economy with motor fuel becomes more acute.

As a result of a decline in investment activities and a reduced demand for metal products on the part of enterprises in the defense complex and of other enterprises which are consumers of metal, there is a decline in the output of both ordinary metal and its high-efficiency economical varieties. The production of rolled metal from low-alloyed steel and of tempered steel declined over nine months by 25-28 percent, while the output of finished rolled metal overall fell by 17 percent. The production of steel pipe in September comprised 72 percent of the last year's level; since the beginning of the year consumers received 2.1 million tonnes (26 percent) less of this product than last year.

September did not bring any change in the declining trend in the output of basic machine building industry products. Over nine months, the output of tractor-drawn attachments comprised only half of that of last year; of alternate current electric motors, tractors, railroad freight cars, drop forges, grain-harvesting combines, and excavators—67-75 percent; and of low-power electric motors, metal-cutting machine tools, self-propelled cranes, and antifriction ball bearings—78-86 percent.

The situation remains critical with respect to production of consumer goods, especially food products. The output of meat, cheese and feta cheese, canned dairy products, tea, and cereals fell by 21-33 percent as compared with January-September of 1991; of margarine and vegetable oil—by 15 percent; and of whole-milk products—by half.

The situation in the light industry is no better. Many enterprises are idled, or work shortened shifts and with a reduced work week. There is a shortage of raw materials, including imported ones. The output of goods diminishes from month to month. The September output of cotton, woolen, and silk fabrics, knitwear and hosiery, and footwear was 10-45 percent lower than that during the same month last year.

The decline in the production of most key household appliances in January-September of this year (by 14-28 percent) is associated with the shortage of components, as well as with limited sales because of high prices of the products.

Agriculture

By 5 October of this year grain in Russia has been threshed from 89 percent of the sown area. The collected volume of grain amounted to 98.1 million tonnes, which is 8.7 million tonnes (10 percent) more than by this time last

year. The average yield per hectare is 20 quintals (in 1991 it was 16 quintals and in 1990—21 quintals).

Overall in the Russian Federation, taking into account the losses and the transfer of some of the grain crops into fodder, about 5 million hectares of grain crops remain to be harvested, mostly in the Urals and in Siberia. In these regions, Altay Kray and Novosibirsk Oblast account for almost one-half of the area that remains to be harvested.

By 5 October 20.4 million tonnes of grain were delivered to state grain procurement centers, as compared with 20.2 million tonnes by this date in 1991. Last week added 1.4 million tonnes, and the preceding week—1.3 million tonnes. Mandatory delivery targets have been met to the extent of 70 percent. Within the total volume of grain procurement, the procurement of rye, millet, and buckwheat increased by a factor of 1.4-1.8 as compared with last year, and of pulse crops—almost tripled. At the same time, the procurement of wheat is 15 percent below that of last year.

Agricultural enterprises have gathered in 6.8 million tonnes of potatoes (85 percent of the planted area has been harvested), and 2.9 million tonnes of vegetables (from 45 percent of the planted area). Harvesting of potatoes is basically completed in the northern regions of the European part of Russia, in the Volga region, and in the Urals. Vegetable harvesting is proceeding slowly in Astrakhan and Rostov Oblasts, and in Krasnodar and Stavropol Krays, where they have not yet been gathered in from about 50,000 hectares (or about one-third of the total area they remain to be harvested from in the entire Russian Federation). Beets have been gathered in from almost one-half of the planted area; the yield is 13.1 million tonnes, or 191 quintals per hectare (in 1991 it was 164 quintals).

Work on next year's harvest is proceeding at unsatisfactory pace. As of 5 October, winter grain crops have been sown on the area of 15.6 million hectares as compared with 19 million last year. Plowing for the spring harvest has been

completed on 30.5 million hectares (48.4 million hectares in 1991). Planting of winter grain crops and plowing land for spring crops is proceeding in a noticeably less satisfactory manner in the Northern Caucasus, in the Urals, and in Western Siberia.

The replenishment of state food reserves is proceeding in unsatisfactory manner. As of 5 October 1.7 million tonnes of potatoes and 1.5 million tonnes of vegetables have been procured (or approximately one-half of last year's volume). Centralized stocks, from which major industrial centers, the cities of Moscow and St. Petersburg, and the regions of Far North are supplied, received only 18 percent of the target quantities of potatoes and 27 percent of vegetables. A considerable part of the current harvest is being held on the farms in the expectation of more lucrative offers.

Considerably smaller quantities of animal husbandry products have been procured than in January-September of 1991. Procurement of cattle and poultry decreased by almost one-third, of milk and eggs—by one-quarter, and of wool—by half. The average procurement price of one kilogram of meat and poultry (in live weight) sold by procurement organizations in September of this year was R25.7, of one liter of milk—R5.5, and of ten eggs—R18.9, which constitutes an increase as compared with August of this year: with respect to meat—by 13 percent, milk—by eight percent, and eggs—by more than one-quarter.

The Consumer Market

During the past week (28 September-2 October) the production of vegetable oil increased by one percent, of meat—by three percent, and of sugar—by a factor of 1.8. Retail trade inventories increased by two to 10 percent during this period. At the same time, market saturation with these goods continues to decline as a result of a flash of panic buying of food, which is evidenced by the following data:

	Number of Cities Where the Product Was Not Available		Market Saturation Index*		
	09/21—09/25/92	09/28—10/02/92	09/14—09/18	09/21—09/25	09/28—10/02
Meat	25	29	3.0	2.9	2.7
Butter	4	12	3.9	3.7	3.4
Vegetable oil	38	41	2.6	2.4	2.3
Sugar	27	33	2.7	2.5	2.1

* The value of this index is between 1 and 4 and is calculated as a weighted average, taking into account groupings of cities depending on the following situation in the market: The commodity is not available (1); sold by coupons (2); may be purchased after waiting in line (3); is easily available (4).

An especially difficult situation with respect to meat has emerged in Bryansk, Kostroma, Saransk, Tambov, Saratov, Makhachkala, Tomsk, Krasnoyarsk, and Birobidzhan, where residents could not buy it during the entire month; with respect to vegetable oil—in Pskov, Ivanovo, Yoshkar-Ola, Belgorod, Kursk, Stavropol, Yekaterinburg, Novosibirsk, Tyumen, Irkutsk, Vladivostok, Khabarovsk, and Blagoveshchensk; and with respect to sugar—in Murmansk, Kursk, Penza, Grozny, Perm, Petropavlovsk-Kamchatskiy, and Yuzhno-Sakhalinsk.

Procurement of vegetables as of 28 September amounted to only 56 percent of that as of the same date last year; of potatoes—39 percent. Fresh tomatoes were not available for sale in the stores of one-half of surveyed cities, fresh cabbage—in every third, and potatoes—in every tenth city.

The situation in the light industry goods market has practically not changed. As it was a week ago, the retail trade supply was best with respect to hosiery (market

saturation index was 3.6 in Russia as a whole) and sewn items (3.0), and the worst—with respect to footwear (2.5). According to reports from Petrozavodsk, Orel, Yoshkar-Ola, Saransk, Saratov, Stavropol, Makhachkala, Vladikavkaz, Novosibirsk, Ulan-Ude, Kyzyl, Vladivostok, Khabarovsk, and others, the only items available in shoe stores are house slippers and expensive imported sneakers.

Retail Prices for Consumer Goods

Higher procurement prices of grain and wholesale prices for petroleum products substantially influenced September prices in the consumer market. As compared with August,

food prices went up by 17 percent. During the preceding four months (May-August), monthly increases amounted to eight to 11 percent.

The curve of price increases went up from week to week in September. During the first week of September (from 1 to 8 September), food prices in Russia grew by 3.0 percent; during the second—by 3.1 percent; the third—by 4.5 percent; the fourth (from 22 to 29 September)—by 5.4 percent.

Price changes in September by main groups of goods are shown below:

	As a Percentage of August		
	Total	including:	
		retail trade	city market
All food products	117.0	116.7	117.9
including:			
Meat and meat products	118.7	115.3	121.2
Edible fats	110.2	109.2	121.5
Dairy products and cheese	110.7	110.6	114.6
Eggs	128.4	126.9	180.9
Sugar	119.8	120.1	
Flour	119.8	119.8	
Bakery products	126.3	126.3	
Cereals and pasta products	122.2	122.1	
Potatoes and vegetables	107.4	113.9	103.0

The greatest price increase in September was registered for tobacco items—by a factor of 1.8-2.2.

Prices for bread and bakery products, cereals, pasta, flour, sugar, and eggs rose by 20-28 percent. The average price of wheat bread made of highest grade flour was R28.5 per kg in the end of September; of wheat flour—R23; of macaroni made of Grade I wheat flour—R32.4; and of sugar—R70.

Prices for milk and dairy products increased to a relatively lesser degree (11 percent), as well as those for potatoes and vegetables (seven percent).

The price range differential with respect to individual products by region remained very substantial. While in Vladivostok bread made of Grade I and II flour was being sold at R37.3 per kg, in Perm at R35.6, and in Khabarovsk at R32.9, in cities where prices were regulated, it cost five to 30 times less: in Grozny—R1.2, in Nalchik—R4, and in Makhachkala—R6.

Prices at city markets were rising faster than in the state retail trade. An especially noticeable increase was registered in September in prices for eggs—by 81 percent, which by the end of September amounted to R51 per 10 eggs; for vegetable oil—by 48 percent (R106 per kg); and for milk—by 23 percent (about R20 per liter). Despite their being in season, vegetables became more expensive. With respect to some varieties, the increase amounted to

four to 10 percent. Prices for potatoes declined somewhat, and amounted to R18 per kg.

Prices for nonfood items continued to rise. The greatest increase over the month was registered in prices for footwear (by a factor of 1.9) and knitwear (by a factor of 1.5). The price of women's boots rose 2.4-fold as compared with the beginning of the month and came to about R5,000 a pair; of men's low shoes—1.7-fold (R2,600); and of men's sweaters—1.6-fold (about R2,000). Prices for household and cultural goods increased by 30 percent: the average price of a color television set rose 1.4-fold (R27,700); of a refrigerator and electric iron—by 20 percent (R25,400 and R857, respectively).

Prices for gasoline rose 1.7-fold in September. The average price per liter by the end of September was R13.4. In almost all cities of the Volga, North Caucasus, and Urals regions, it increased two- or three-fold and was in the R15-R30 range per liter, while in the cities of Western and Eastern Siberia—with the exception of Novosibirsk and Omsk—prices remained at the old level—R6 to R9 per liter.

In September, rates for electric power rose by 13 percent. In 20 percent of the 132 surveyed cities, they rose 1.5-fold and amounted to 35-36 kopecks per kilowatt/hour.

Railroad Transportation

As of 1 September of 1992, 46.5 million tonnes of cargo due for shipment by rail had accumulated at enterprises

and railroad stations, including 35.9 million tonnes at raiiside loading areas of enterprises and stations, which is six percent more than of the same date last year. There have been substantially greater accumulated quantities of

coking coal (twice as much), cement (1.6 times as much), and timber cargo (1.4 times as much).

The remainders of the following types of cargo awaiting shipping amounted to substantial quantities:

	Remainder of Cargo Due for Rail Shipping as of 09/01/92		Number of Days Needed to Ship the Remainder of Cargo Already at Raiiside Loading Areas
	Total	including that at raiiside loading areas of enterprises and stations	
Total cargo, million tonnes	46.5	35.9	9
including:			
—bituminous coal	10.6	9.6	12
—timber	6.0	5.2	26
—iron and manganese ore	4.7	2.3	9
—cement	1.6	1.4	11
—construction-related cargo	9.7	7.8	10
—oil and petroleum products	1.6	1.2	2
—grain and milled products	1.4	0.6	5

The greatest quantities of shipment-due timber has accumulated in Arkhangelsk (19 percent of total shipment-due timber), Sverdlovsk (10 percent), and Kirov (nine percent) Oblasts, and in Krasnoyarskiy Kray (11 percent); of bituminous coal—in Kemerovo (51 percent), Rostov (20 percent) Oblasts; of cement—in Karachayevo-Cherkess Republic (26 percent), Bryansk and Belgorod (eight percent each) Oblasts;

of iron and manganese ore—in Belgorod (47 percent) and Kemerovo (17 percent) Oblasts.

Of the total quantity of cargo not shipped, the Kemerovo Railroad accounts for 6 million tonnes (17 percent), the North Caucasus Railroad—4 million tonnes (11 percent); and the West Siberian, Southeastern, Northern, Gorkiy, and October Railroads—3 million tonnes (seven to eight percent) each.

Presence (Absence) of Nonfood Consumer Goods in Cities as Registered on 29 September

Product	Number of Cities Where Item Was Available As of Survey Date	Number of Cities Where Item Was Not Available As of Survey Date	Cities Where Item Was Not Available As Percent of All Cities
	in retail trade		
A	1	2	3
Men's light overcoat, wool blend	62	70	53.03
Two-piece suit, wool blend	118	14	10.61
Men's trousers, wool blend suit fabric	126	6	4.55
Men's shirt, cotton fabric	123	9	6.82
Women's light overcoat, wool blend	116	16	12.12
Women's dress, wool blend	88	44	33.33
Boys' jacket, lined, synthetic fabric	87	45	34.09
Girls' dress, wool blend	73	59	44.70
Boys' shirt, flannel or fustian	85	47	35.61
Men's jumper (sweater), pure wool yarn	92	40	30.30
Children's T-shirt, cotton fabric	88	44	33.33
Women's pantyhose, elastic	126	6	4.55
Men's socks, cotton	121	11	8.33
Children's socks, cotton	96	36	27.27
Children's tights, cotton	114	18	13.64
Men's low shoes, fashion, with natural leather sole	81	51	38.64

Presence (Absence) of Nonfood Consumer Goods in Cities as Registered on 29 September (Continued)

Product	Number of Cities Where Item Was Available As of Survey Date	Number of Cities Where Item Was Not Available As of Survey Date	Cities Where Item Was Not Available As Percent of All Cities
	in retail trade		
A	1	2	3
Women's boots, low-heel or platform sole, lined with textile material, with polyurethane sole	82	50	37.88
Women's summer shoes, fashion, with high (or medium) heel, with natural leather sole or imitation leather	102	30	22.73
Summer shoes for school-age girls, medium heel, porous rubber sole	75	57	43.18
Refrigerator, floor-standing, semiautomatic defrost (KSh-260)	35	97	73.48
Electric iron, automatic	80	52	39.39
Color television, nonportable (screen diagonal 61-cm.)	57	75	56.82
Gasoline	112	20	15.15
Coal	111	21	15.91
Firewood	97	35	26.52
Peat briquettes	25	107	81.06

Presence (Absence) of Food Products in Cities as Registered on 29 September

Product	Number of Cities Where Item Was Available As of Survey Date	Number of Cities Where Item Was Not Available As of Survey Date	Cities Where Item Was Not Available As Percent of All Cities	Number of Cities Where Item Was Available As of Survey Date	Number of Cities Where Item Was Not Available As of Survey Date	Cities Where Item Was Not Available As Percent of All Cities
	in retail trade			total		
A	1	2	3	4	5	6
Beef, Category I	106	26	19.70	127	5	3.79
Pork	53	79	59.85	120	12	9.09
Meat patties (per 10)	32	100	75.76	32	100	75.76
Pelmeni (meat-filled dumplings), frozen	38	94	71.21	38	94	71.21
Boiled sausage, Grade I	113	19	14.39	113	19	14.39
Salami, Grade I	103	29	21.97	103	29	21.97
Live fish	23	109	82.58	33	99	75.00
Mackerel, quick-frozen, refrigerated, unsegmented	15	117	88.64	15	117	88.64
Fish filet (mackerel)	7	125	94.70	7	125	94.70
Smoked fish (mackerel)	30	102	77.27	30	102	77.27
Herring, salted and brined, ivazi	42	90	68.18	42	90	68.18
Butter	124	8	6.06	128	4	3.03
Vegetable oil	73	59	44.70	85	47	35.61
Melted pork fat	32	100	75.76	33	99	75.00
Table margarine	93	39	29.55	94	38	28.79
Pasteurized milk, 3.2-3.5 percent fat	129	3	2.27	130	2	1.52
Fatty kefir	103	29	21.97	103	29	21.97
Sour cream	122	10	7.58	128	4	3.03

Presence (Absence) of Food Products in Cities as Registered on 29 September (Continued)

Product	Number of Cities Where Item Was Available As of Survey Date	Number of Cities Where Item Was Not Available As of Survey Date	Cities Where Item Was Not Available As Percent of All Cities	Number of Cities Where Item Was Available As of Survey Date	Number of Cities Where Item Was Not Available As of Survey Date	Cities Where Item Was Not Available As Percent of All Cities
	in retail trade			total		
A	1	2	3	4	5	6
Cottage cheese	65	67	50.76	99	33	25.00
Low-fat cottage cheese	55	77	58.33	56	76	57.58
Powdered cow's milk	59	73	55.30	59	73	55.30
Hard rennet cheese (of the Poshek-honskiy, Rossiyskiy, Kostromskoy, Yaroslavl'skiy, Gollandskiy, etc., varieties)	106	26	19.70	106	26	19.70
Pasteurized processed cheese (of the Druzhba, Volna, Yantar, and Leto varieties)	51	81	61.36	51	81	61.36
Feta cheese	10	122	92.42	17	115	87.12
Canned fish, price per standard 350-gram can, natural, with oil added (mackerel, scad)	67	65	49.24	67	65	49.24
Canned fish, price per standard 350-gram can, salmon in tomato sauce	20	112	84.85	20	112	84.85
Canned tomato puree and paste	70	62	46.97	70	62	46.97
Canned fruit for children	55	77	58.33	55	77	58.33
Chicken eggs (price per 10)	118	14	10.61	122	10	7.58
Granulated sugar	98	34	25.76	98	34	25.76
Ordinary cookies (of the Apelsinovoye, Privet, etc., varieties)	98	34	25.76	98	34	25.76
Spice cake, bulk	98	34	25.76	98	34	25.76
Caramel candy, wrapped	58	74	56.06	60	72	54.55
Bohea black tea, highest quality	91	41	31.06	91	41	31.06
Salt	120	12	9.09	120	12	9.09
Rye flour	8	124	93.94	8	124	93.94
Highest grade wheat flour	77	55	41.67	78	54	40.91
Rye bread	32	100	75.76	32	100	75.76
Rye-wheat bread	69	63	47.73	69	63	47.73
Wheat bread from whole-wheat flour	2	130	98.48	2	130	98.48
Wheat bread from highest grade flour	70	62	46.97	71	61	46.21
Wheat bread from Grade I and Grade II flour	91	41	31.06	91	41	31.06
Rolls and buns from highest grade wheat flour, price per 500 grams	109	23	17.42	109	23	17.42
Rolls and buns from Grade I wheat flour, price per 500 grams	41	91	68.94	41	91	68.94
Rolls and buns from Grade II wheat flour, price per 500 grams	2	130	98.48	2	130	98.48
Pretzels, Grade I wheat flour	72	60	45.45	72	60	45.45
Rusks, Grade I wheat flour	69	63	47.73	69	63	47.73
Milled and polished rice	99	33	25.00	99	33	25.00
Semolina	81	51	38.64	81	51	38.64

Presence (Absence) of Food Products in Cities as Registered on 29 September (Continued)

Product	Number of Cities Where Item Was Available As of Survey Date	Number of Cities Where Item Was Not Available As of Survey Date	Cities Where Item Was Not Available As Percent of All Cities	Number of Cities Where Item Was Available As of Survey Date	Number of Cities Where Item Was Not Available As of Survey Date	Cities Where Item Was Not Available As Percent of All Cities
	in retail trade			total		
A	1	2	3	4	5	6
Milled millet	41	91	68.94	41	91	68.94
Unground buckwheat	50	8	62.12	51	81	61.36
Gerikules oatmeal	37	95	71.97	37	95	71.97
Ground split peas	17	115	87.12	17	115	87.12
Macaroni, ordinary and fancy, various styles of cut (long and short), made from highest grade wheat flour	48	84	63.64	50	82	62.12
Macaroni, ordinary and fancy, various styles of cut (long and short), made from Grade I wheat flour	8	124	93.94	8	124	93.94
Noodles, made from highest grade wheat flour	49	83	62.88	49	83	62.88
Vermicelli, made from highest grade wheat flour	100	32	24.24	100	32	24.24
Elbow macaroni, all varieties, from highest grade wheat flour	70	62	46.97	70	62	46.97
80-proof vodka, price per liter	109	23	17.42	110	22	16.67
Mayonnaise	63	69	52.27	64	68	51.52
Potatoes	122	10	7.58	130	2	1.52
Fresh green-head cabbage	117	15	11.36	126	6	4.55
Yellow onions	115	17	12.88	124	8	6.06
Garlic	39	93	70.43	110	22	16.67
Red beets	112	20	15.15	124	8	6.06
Carrots	114	18	13.64	129	3	2.27
Apples	102	30	22.73	126	6	4.55
Tobacco products, price per pack of cigarettes	55	77	58.33	61	71	53.79
Tobacco products, price per pack of filter cigarettes	107	25	18.94	112	20	15.15
Matches	117	15	11.36	118	14	10.61

Average Prices for Food Products in the Russian Federation (Retail Trade)

Representative products	09/08/92	09/15/92	09/22/92	09/29/92
A	1	2	3	4
Beef, Category I	89.63	92.31	95.20	101.31
Pork	90.45	95.08	105.21	114.07
Meat patties (per 10)	60.07	66.06	72.94	77.90
Pelmeni (meat-filled dumplings), frozen	67.26	69.36	68.33	70.32
Boiled sausage, Grade I	136.63	142.78	148.33	151.02
Salami, Grade I	205.96	212.16	222.53	230.56
Live fish	50.13	53.19	54.15	57.90
Mackerel, quick-frozen, refrigerated, unsegmented	44.17	45.94	46.41	51.12

Average Prices for Food Products in the Russian Federation (Retail Trade) (Continued)

Representative products	09/08/92	09/15/92	09/22/92	09/29/92
A	1	2	3	4
Fish filet (mackerel)	48.00	67.74	67.46	78.29
Smoked fish (mackerel)	94.58	121.31	122.22	137.87
Herring, salted and brined, ivasi	72.62	79.33	84.81	83.66
Butter	186.98	188.49	195.59	205.77
Vegetable oil	60.57	65.08	65.68	72.04
Melted pork fat	66.45	67.98	73.84	78.43
Table margarine	75.09	78.55	78.42	79.58
Pasteurized milk, 1.5-3.5 percent fat	10.05	10.02	10.23	10.47
Fatty kefir	11.35	11.29	11.58	12.02
Sour cream	56.98	59.52	59.56	60.18
Cottage cheese	43.71	45.73	45.44	50.19
Low-fat cottage cheese	21.90	22.06	23.64	23.81
Powdered cow's milk	90.58	90.79	96.80	102.87
Hard rennet cheese (of the Poshek-honskiy, Rossiyskiy, Kostromskoy, Yaroslavlkiy, Gollandakiy, etc., varieties)	150.60	156.03	161.26	165.16
Pasteurized processed cheese (of the Druzhba, Volna, Yantar, and Leto varieties)	118.60	129.14	131.38	128.64
Feta cheese	79.28	84.25	98.66	97.08
Canned fish, price per standard 350-gram can, natural, with oil added (mackerel, scad)	39.87	40.99	42.14	44.16
Canned fish, price per standard 350-gram can, salmon in tomato sauce	54.14	53.99	52.16	56.72
Canned tomato puree and paste	57.43	57.31	61.54	61.43
Canned fruit for children	57.93	62.16	60.56	76.81
Chicken eggs (price per 10)	25.11	29.12	30.89	33.10
Granulated sugar	64.70	64.44	68.11	70.28
Ordinary cookies (of the Apelsino-voye, Privet, etc., varieties)	73.17	80.40	85.00	87.11
Spice cake, bulk	60.81	62.73	66.51	68.76
Caramel candy, wrapped	120.28	125.48	129.48	141.25
Bohea black tea, highest quality	284.98	323.98	373.47	390.11
Salt	6.08	6.10	6.74	7.24
Rye flour	10.12	11.53	9.95	9.47
Highest grade wheat flour	21.20	22.64	22.49	22.75
Rye bread	11.16	11.98	12.05	14.65
Rye-wheat bread	12.14	12.38	13.39	14.99
Wheat bread from whole-wheat flour	5.38	6.11	7.06	6.19
Wheat bread from highest grade flour	22.97	22.24	24.82	28.53
Wheat bread from Grade I and Grade II flour	14.01	14.84	15.78	16.53
Rolls and buns from highest grade wheat flour, price per 500 grams	14.89	14.12	14.54	15.20

Average Prices for Food Products in the Russian Federation (Retail Trade) (Continued)

Representative products	09/08/92	09/15/92	09/22/92	09/29/92
A	1	2	3	4
Rolls and buns from Grade I wheat flour, price per 500 grams	11.30	11.41	11.54	12.28
Rolls and buns from Grade II wheat flour, price per 500 grams	13.50	13.62	9.81	17.13
Pretzels, Grade I wheat flour	41.77	44.24	43.10	44.35
Rusk, Grade I wheat flour	54.70	36.93	61.39	61.98
Milled and polished rice	31.14	32.88	34.43	34.39
Semolina	18.06	19.54	19.31	22.57
Milled millet	12.92	13.13	14.61	14.97
Unmilled buckwheat	55.35	55.25	58.60	61.25
Gerkules oatmeal	26.27	26.64	27.86	28.62
Ground split peas	11.30	14.21	13.53	16.28
Macaroni, regular and fancy, various styles of cut (long and short), made from highest grade wheat flour	38.40	43.31	44.06	48.02
Macaroni, regular and fancy, various styles of cut (long and short), made from Grade I wheat flour	32.96	35.88	30.86	32.44
Noodles, made from highest grade wheat flour	29.23	30.05	34.56	33.48
Vermicelli, made from highest grade wheat flour	30.83	36.22	36.64	37.20
Elbow macaroni, all varieties, from highest grade wheat flour	28.21	29.90	33.73	35.63
80-proof vodka, price per liter	272.58	278.26	287.78	301.58
Mayonnaise	88.76	96.86	94.64	102.55
Potatoes	20.06	20.22	20.55	21.58
Fresh green-head cabbage	14.88	15.66	16.18	19.34
Yellow onions	23.14	21.84	22.98	24.04
Garlic	119.23	122.75	129.41	154.86
Red beets	17.25	16.80	16.91	19.70
Carrots	18.63	19.10	21.27	21.33
Apples	34.75	36.89	38.12	39.68
Tobacco products, price per pack of cigarettes	14.70	16.88	19.32	21.14
Tobacco products, price per pack of filter cigarettes	33.25	39.55	48.13	51.12
Matches	1.21	1.28	1.37	1.37

Average Prices for Food Products in the Russian Federation (City Market)

Representative products	09/08/92	09/15/92	09/22/92	09/29/92
A	1	2	3	4
Beef, Category I	142.59	145.94	156.96	167.17
Pork	154.56	165.76	170.87	181.84
Pelmeni [meat-filled dumplings], frozen			90.00	124.79
Boiled sausage, Grade I	130.00	150.00	160.00	
Salami, Grade I	260.65	303.88	291.60	316.64

Average Prices for Food Products in the Russian Federation (City Market) (Continued)

Representative products	09/08/92	09/15/92	09/22/92	09/29/92
A	1	2	3	4
Live fish	50.94	50.43	54.68	51.62
Herring, salted and brined, ivasi				
Butter	202.21	211.89	214.99	231.61
Vegetable oil	77.24	86.39	89.38	106.09
Melted pork fat	60.77	62.00	70.00	71.23
Table margarine	170.00	129.76	101.82	120.90
Pasteurized milk, 1.5-3.5 percent fat	15.66	15.93	18.42	19.65
Fatty kefir				
Sour cream	157.08	162.04	167.90	174.97
Cottage cheese	72.04	65.41	69.77	78.99
Low-fat cottage cheese	29.35	27.27	32.97	36.68
Powdered cow's milk	90.00	100.00		
Hard rennet cheese (of the Poshek-honskiy, Rossiyskiy, Kostromskoy, Yaroslavskiy, Gollandskiy, etc., varieties)	179.94	182.84	189.28	244.48
Feta cheese	97.83	96.89	108.94	122.08
Canned fish, price per standard 350-gram can, natural, with oil added (mackerel, scad)		50.00	50.00	52.43
Canned fish, price per standard 350-gram can, salmon in tomato sauce	98.00	75.42	65.00	65.00
Canned tomato puree and paste	69.89		88.23	68.00
Canned fruit for children				90.00
Chicken eggs (price per 10)	29.62	39.38	42.11	50.59
Granulated sugar	73.29	72.35	88.51	98.12
Ordinary cookies (of the Apelsino-voye, Privet, etc., varieties)	70.00	111.33	116.36	110.00
Spice cake, bulk	40.00	142.93	123.68	95.00
Caramel candy, wrapped	171.15	171.74	167.21	187.08
Bohea black tea, highest quality	482.61	740.00	731.45	653.66
Salt				
Highest grade wheat flour	26.25	25.91	26.25	28.60
Wheat bread from highest grade flour	25.00	25.00	25.00	25.00
Pretzels, Grade I wheat flour				
Milled and polished rice	30.00	48.94	38.64	50.26
Semolina	25.00	30.00	25.00	27.14
Milled millet			25.00	
Unmilled buckwheat	60.08	77.08	72.74	69.25
Gerkules oatmeal		45.00		56.67
Ground split peas				
Macaroni, regular and fancy, various styles of cut (long and short), made from highest grade wheat flour	62.50	68.33	72.44	75.43
Vermicelli, made from highest grade wheat flour	49.00	50.00		70.00

Average Prices for Food Products in the Russian Federation (City Market) (Continued)

Representative products	09/08/92	09/15/92	09/22/92	09/29/92
A	1	2	3	4
Elbow macaroni, all varieties, from highest grade wheat flour		55.00		
80-proof vodka, price per liter	354.26	365.73	359.81	362.77
Mayonnaise	167.50	150.00	160.00	154.78
Potatoes	18.15	18.76	18.08	18.04
Fresh green-head cabbage	18.60	17.20	17.90	19.17
Yellow onions	27.70	29.66	30.06	29.33
Garlic	110.80	125.83	137.46	168.72
Red beets	24.50	27.14	26.26	27.36
Carrots	24.13	26.71	24.60	25.57
Apples	33.44	32.75	36.49	42.73
Tobacco products, price per pack of cigarettes	18.85	21.97	25.73	26.85
Tobacco products, price per pack of filter cigarettes	53.75	59.06	65.50	59.06
Matches	2.06	1.96	2.20	2.33

Average Prices for Food Products in the Russian Federation (Retail Trade and City Market)

Representative products	09/08/92	09/15/92	09/22/92	09/29/92
A	1	2	3	4
Beef, Category I	120.20	123.19	129.32	136.75
Pork	142.18	155.40	161.92	170.85
Meat patties (per 10)	60.07	66.06	72.94	77.90
Peimeni (meat-filled dumplings), frozen	67.26	69.36	68.37	70.86
Boiled sausage, Grade I	136.61	142.79	148.35	151.02
Salami, Grade I	207.55	214.90	224.28	232.22
Live fish	50.29	52.64	54.24	56.70
Mackerel, quick-frozen, refrigerated, unsegmented	44.17	45.94	46.41	51.12
Fish filet (mackerel)	48.00	67.74	67.46	78.29
Smoked fish (mackerel)	94.58	121.31	122.22	137.87
Herring, salted and brined, ivasi	72.62	79.33	84.81	85.66
Butter	187.69	189.73	196.60	206.89
Vegetable oil	63.90	67.96	69.56	77.70
Melted pork fat	66.22	67.71	73.72	77.98
Table margarine	75.16	78.70	78.55	79.87
Pasteurized milk, 1.5-3.5 percent fat	10.19	10.14	10.41	10.62
Fatty kefir	11.35	11.29	11.58	12.02
Sour cream	66.83	69.34	70.90	69.73
Cottage cheese	53.16	51.62	53.22	60.00
Low-fat cottage cheese	22.02	22.16	23.83	24.06
Powdered cow's milk	90.58	90.92	96.80	102.87

Average Prices for Food Products in the Russian Federation (Retail Trade and City Market) (Continued)

Representative products	09/08/92	09/15/92	09/22/92	09/29/92
A	1	2	3	4
Hard rennet cheese (of the Poshek-honskiy, Rossiyskiy, Kostromskoy, Yaroslavskiy, Gollandskiy, etc., varieties)	151.27	156.42	161.72	165.49
Pasteurized processed cheese (of the Druzhba, Volna, Yantar, and Leto varieties)	118.60	129.14	131.38	128.64
Feta cheese	88.48	87.48	105.23	113.07
Canned fish, price per standard 350-gram can, natural, with oil added (mackerel, scad)	39.87	41.08	42.20	44.22
Canned fish, price per standard 350-gram can, salmon in tomato sauce	54.64	55.14	52.98	56.86
Canned tomato puree and paste	57.84	57.31	61.83	61.45
Canned fruit for children	57.93	62.16	60.56	77.17
Chicken eggs (price per 10)	25.34	29.85	31.55	34.00
Granulated sugar	64.91	64.49	68.51	70.98
Ordinary cookies (of the Apelsino-voye, Privet, etc., varieties)	73.13	80.56	85.58	87.35
Spice cake, bulk	60.72	62.96	66.45	68.82
Caramel candy, wrapped	123.74	126.78	131.15	144.37
Bohea black tea, highest quality	298.14	334.08	381.19	399.93
Salt	6.08	6.10	6.74	7.24
Rye flour	10.12	11.53	9.95	9.47
Highest grade wheat flour	21.37	22.73	22.56	22.90
Rye bread	11.16	11.98	12.05	14.65
Rye-wheat bread	12.14	12.38	13.39	14.99
Wheat bread from all-wheat flour	5.38	6.11	7.06	6.19
Wheat bread from highest grade flour	22.98	22.24	24.82	28.52
Wheat bread from Grade I and Grade II flour	14.01	14.84	15.78	16.53
Rolls and buns from highest grade wheat flour, price per 500 grams	14.89	14.12	14.54	15.20
Rolls and buns from Grade I wheat flour, price per 500 grams	11.30	11.41	11.54	12.28
Rolls and buns from Grade II wheat flour, price per 500 grams	13.50	13.62	9.81	17.13
Pretzels, Grade I wheat flour	41.77	44.24	45.10	44.35
Rusk, Grade I wheat flour	54.70	56.93	61.39	61.98
Milled and polished rice	31.11	32.97	34.59	34.56
Semolina	18.07	19.57	19.36	22.61
Milled millet	12.92	13.13	14.67	14.97
Unmilled buckwheat	55.62	55.43	58.76	61.55
Gerkules oatmeal	26.27	26.66	27.86	28.74
Ground split peas	11.30	14.21	13.53	16.28
Macaroni, regular and fancy, various styles of cut (long and short), made from highest grade wheat flour	38.71	43.93	44.48	49.18

Average Prices for Food Products in the Russian Federation (Retail Trade and City Market) (Continued)

Representative products	09/08/92	09/15/92	09/22/92	09/29/92
A	1	2	3	4
Macaroni, regular and fancy, various styles of cut (long and short), made from Grade 1 wheat flour	32.96	35.88	30.86	32.44
Noodles, made from highest grade wheat flour	29.23	30.05	34.56	33.48
Vermicelli, made from highest grade wheat flour	30.89	36.26	36.64	37.28
Elbow macaroni, all varieties, from highest grade wheat flour	28.21	30.01	33.73	35.63
80-proof vodka, price per liter	274.11	279.68	289.22	303.25
Mayonnaise	89.01	97.29	94.75	103.43
Potatoes	18.69	19.17	18.71	19.00
Fresh green-head cabbage	16.05	16.12	16.70	19.29
Yellow onions	25.25	25.59	26.40	26.39
Garlic	112.23	125.27	135.60	165.93
Red beets	20.32	21.26	20.78	22.84
Carrots	21.75	23.42	23.04	23.44
Apples	33.66	33.60	36.85	42.04
Tobacco products, price per pack of cigarettes	15.48	17.62	20.06	22.04
Tobacco products, price per pack of filter cigarettes	35.86	41.87	49.97	52.14
Matches	1.23	1.30	1.39	1.39

Average Prices on Nonfood Products in the Russian Federation

Representative product	09/08/92	09/15/92	09/22/92	09/29/92
A	1	2	3	4
Men's light overcoat, wool blend	3,648.52	3,844.08	4,069.13	4,222.09
Two-piece suit, wool blend	2,924.72	3,216.01	3,308.01	3,383.08
Men's trousers, wool blend suit fabric	809.81	868.89	891.02	875.17
Men's shirt, cotton fabric	302.06	353.11	381.69	420.82
Women's light overcoat, wool blend	4,104.29	4,285.59	4,461.66	4,635.22
Women's dress, wool blend	846.21	916.70	969.72	934.00
Boys' jacket, lined, synthetic fabric	1,158.24	1,311.03	1,573.77	1,560.25
Girls' dress, wool blend	305.42	347.86	354.90	352.55
Boys' shirt, flannel or fustian	100.33	107.48	113.23	119.06
Men's jumper (sweater), pure wool yarn	1,495.15	1,793.03	1,932.78	1,973.49
Children's T-shirt, cotton fabric	45.82	50.13	52.99	53.66
Women's pantyhose, elastic	94.05	102.66	108.24	114.07
Men's socks, cotton	41.36	45.70	48.19	49.81
Children's socks, cotton	18.87	20.70	21.99	21.49
Children's tights, cotton	64.40	69.54	70.77	71.45
Men's low shoes, fashion, with natural leather sole	1,973.87	2,402.33	2,537.23	2,637.19

Average Prices on Nonfood Products in the Russian Federation (Continued)

Representative product	09/08/92	09/15/92	09/22/92	09/29/92
A	1	2	3	4
Women's boots, low-heel or platform sole, lined with textile material, with polyurethane sole	3,022.54	3,877.81	4,252.28	4,972.20
Women's summer shoes, fashion, with high (or medium) heel, with natural leather sole or imitation leather	1,820.72	2,279.10	2,316.54	2,389.73
Summer shoes for school-age girls, medium heel, porous rubber sole	408.96	420.48	418.02	449.88
Refrigerator, floor-standing, semiautomatic defrost (KSh-260)	21,947.54	22,523.82	22,870.22	25,414.37
Electric iron, automatic	743.07	765.83	807.32	856.81
Color television, non-portable (screen diagonal 61-cm.)	21,209.50	22,383.24	25,496.74	27,676.11
Gasoline	7.60	7.68	8.48	13.31
Coal	145.13	145.87	168.06	190.77
Firewood	65.47	66.22	76.01	85.32
Peat briquettes	117.08	117.08	143.96	158.34
Electric power (urban localities)	0.23	0.23	0.24	0.26
Electric power (rural localities)	0.15	0.15	0.16	0.17

Cities With Maximum and Minimum Prices (As of 29 September 1992),
Without Taking City Market Prices Into Account

Representative commodity	City	Minimum price per product unit (rubles, kopecks)	City	Maximum price per product unit (rubles, kopecks)
A	01	02	03	04
Category I beef	Novyy Urengoy	65.00	Vladivostok	279.34
Grade I cooked sausage	Smolensk	76.00	Yuzhno-Sakhalinsk	250.00
Grade I salami	Naberezhnyye Chelny	105.00	Magadan	400.00
Butter	Ulyanovsk	78.00	Magadan	356.92
Vegetable oil	Ulyanovsk	15.00	Yoshkar-Ola	250.00
Pasteurized milk, 1.5-3.5-percent fat	Ulyanovsk	2.00	Makhachkala	30.00
Sour cream	Ulyanovsk	24.02	Nakhodka	280.00
Hard rennet cheese (of the Poshekhonskiy, Rossiyskiy, Kostromskoy, Yaroslavl'skiy, Gollandskiy, etc., varieties)	Novocheboksarsk	99.00	Yakutsk	406.00
Chicken eggs—price for 10	Naberezhnyye Chelny	10.00	Petropavlovsk-Kamchatskiy	85.00
Granulated sugar	Ulyanovsk	35.00	Petropavlovsk-Kamchatskiy	150.00
Rye-wheat bread	Orenburg	4.44	Vorkuta	33.75
Wheat bread made of first and second grade flour	Groznyy	1.18	Vladivostok	37.31
Milled millet	Norilsk	3.00	Sterlitamak	50.00
Vermicelli from the highest grade of wheat	Orel	14.00	Kemerovo	76.00
Potatoes	Orenburg	6.99	Norilsk	60.00
Fresh green-head cabbage	Novyy Oskol	6.93	Yakutsk	118.00

**Cities With Maximum and Minimum Prices (As of 29 September 1992),
Without Taking City Market Prices Into Account (Continued)**

Representative commodity	City	Minimum price per product unit (rubles, kopecks)	City	Maximum price per product unit (rubles, kopecks)
A	01	02	03	04
Yellow onion	Izhevsk	12.13	Petropavlovsk-Kamchatskiy	100.29
Apples	Ryazan	8.78	Magadan	253.57
Tobacco items—price per pack, filter cigarettes	Biysk	6.08	Makhachkala	200.00
Men's light overcoat, wool blend	Chistopol	1,560.00	Norisk	9,850.00
Women's dress, wool blend	Shebekino	325.00	Samara	2,800.00
Men's socks, cotton	Naberezhnyye Chelny	25.00	Sykt'yvkar	141.50
Children's socks, cotton	Izhevsk	11.25	Kemerovo	50.00
Men's low shoes, fashion, with natural leather sole	Vladivostok	460.00	Vladikavkaz	8,000.00
Women's summer shoes, fashion, with high (or medium) heel, with natural leather sole or imitation leather	Volgograd	688.00	Petropavlovsk-Kamchatskiy	5,540.00

**Cost of the Basic Food-Product Selection (as of 09/29/92),
Taking City Market Prices Into Account**

City	Selection Cost
Magadan	953.53
Petropavlovsk-Kamchatskiy	953.06
Makhachkala	844.99
Vladivostok	840.30
Yakutsk	776.32
Khabarovsk	772.02
Murmansk	768.89
Yuzhno-Sakhalinsk	731.95
Perm	723.29
Blagoveshchensk	684.09
Sykt'yvkar	673.21
Nakhodka	668.84
Apatity	662.53
Tomsk	661.60
Vorkuta	653.04
Kemerovo	649.56
Birobidzhan	647.09
Prokopyevsk	642.45
Armavir	633.48
Chelyabinsk	623.38
Kirovo-Chepetsk	621.28
Cherkessk	611.17
Komsomolsk-na-Amure	598.98
Arkhangelsk	595.41

**Cost of the Basic Food-Product Selection (as of 09/29/92),
Taking City Market Prices Into Account (Continued)**

City	Selection Cost
Tyumen	587.79
Ivanovo	578.39
Cherepovets	570.41
Smolensk	549.70
Ukhta	542.43
Stavropol	537.59
Moscow	536.70
Novokuznetsk	535.00
Severodvinsk	531.86
Kurgan	522.92
Sovetsk	522.92
Novgorod	521.11
St. Petersburg	517.34
Yurga	515.92
Tuapse	515.26
Novorossiysk	515.17
Yekaterinburg	505.19
Krasnoyarsk	504.96
Novomoskovsk	504.42
Abakan	502.54
Irkutsk	501.08
Kaluga	500.41
Petrozavodsk	498.79
Angarsk	498.10

**Cost of the Basic Food-Product Selection (as of 09/29/92),
Taking City Market Prices Into Account (Continued)**

City	Selection Cost
Chita	497.20
Rybinsk	495.86
Ulan-Ude	495.14
Krasnodar	490.86
Tula	489.92
Nizhniy Tagil	487.44
Yass	486.98
Pskov	486.29
Novosibirsk	485.00
Obninsk	484.98
Lipetsk	483.61
Nevinnomyssk	480.14
Salekhard	476.50
Tver	475.95
Shuya	474.82
Vladimir	471.12
Barnaul	469.15
Shakhty	467.25
Kopeysk	464.27
Ishimbay	462.09
Tolyatti	461.99
Dzerzhinsk	461.72
Sterlitamak	460.53
Serov	459.33
Kirov	457.41
Belgorod	455.59
Divnogorsk	454.91
Vladikavkaz	454.80
Syzran	452.94
Vologda	448.71
Shebekino	445.96
Rostov-na-Donu	445.32
Maykop	444.20
Penza	441.44
Saransk	441.37
Izhevsk	440.75
Gorno-Altaysk	440.45
Groznyy	438.26
Tayshet	437.69
Elista	437.53
Samara	437.05
Nizhniy Novgorod	433.62
Nalchik	433.25

**Cost of the Basic Food-Product Selection (as of 09/29/92),
Taking City Market Prices Into Account (Continued)**

City	Selection Cost
Ufa	433.13
Kostroma	432.30
Yaroslavl	430.42
Volgograd	429.04
Berdsk	428.55
Orenburg	426.27
Balakovo	425.60
Taganrog	422.68
Neftekamsk	422.10
Arzamas	419.16
Tambov	418.92
Saratov	417.25
Kamyshin	416.83
Volgodonsk	416.62
Bryansk	416.19
Voronezh	415.92
Kursk	415.25
Ryazan	413.68
Omsk	413.23
Yoshkar-Ola	405.50
Yelets	404.72
Orel	403.90
Orsk	401.71
Cheboksary	401.52
Kyzyl	396.47
Novocheboksarsk	383.28
Astrakhan	379.30
Biysk	357.63
Ulyanovsk	303.16
Naberezhnyye Chelny	300.44
Chistopol	299.27
Kazan	298.55

Cost estimates of a basic food-product selection were made on a per-week basis for 19 representative products, proceeding from the minimum consumer budget calculated per male of work-eligible age, as developed by the former Goskomtrud [State Committee for Labor and Social Problems]. These products (consumption volumes are indicated on a per-year basis) include: rye bread (92 kg), wheat bread (86.7 kg), millet (18.1 kg), vermicelli (7.3 kg), sugar (24.8 kg), vegetable oil (10 kg), butter (3.6 kg), beef (42.0 kg), boiled sausage (2.2 kg), salami (1.1 kg), milk (184.3 kg), sour cream (4.2 kg), hard cheese (2.0 kg), eggs (183), potatoes (146 kg), fresh cabbage (29.8 kg), onion (10.2 kg), apples (11 kg), and cigarettes (96 packs).

This listing was chosen by virtue of the relative stability seen in availability of these products for sale, enabling a well-founded analysis to be made of the cost dynamics of product selection.

Only those cities were taken into consideration where not more than three items from the listing were absent during the given or preceding price registration, since it is assumed that otherwise, the calculated data would not provide an objective cost-of-living picture.

If the item was absent during the 09/29/92 registration, its price was substituted in the calculation by the value observed during the preceding registrations.

REGIONAL AFFAIRS

Potentially Explosive Situation in Dagestan Reported

934C0332A Moscow PRAVDA in Russian 12 Nov 92 p 2

[Article by Anatoliy Grachev and Aleksandr Shinkin: "On the Receding Wave"]

[Text] In the opinion of numerous experts, Dagestan today is a powder keg around which bonfires are constantly being lit. Fortunately, for now we have been able to avert disaster. But for how long?

That is difficult to say. The public discontent is constantly spilling out onto the squares and streets of the republic's cities, in meetings involving many thousands of people. The people are demanding: Supreme Soviet, rid us of the leaders who have compromised themselves and those who think mostly about increasing their own welfare. Government, turn to face our needs, do not bring us to total impoverishment!...

The leadership of Dagestan, however, is inclined to explain such a situation in terms of the intrigues of the national movements, whose leaders are supposedly straining for power, and also in terms of the "heavy legacy" which they supposedly inherited from the almighty CPSU obkom [oblast committee].

However, the house chairman of the Russian Supreme Soviet Council of Nationalities, Ramazan Abdulatipov, knowing very well the situation in his homeland, believes that its misfortunes stem from the tukhum-clan apparatus of power, which is closely intertwined and does not want to share the rather profitable duties and posts with anyone.

The truthfulness of these words is evident in an analysis of the cadre movements at all levels. Some moves in this Madrid court are simply amazing. For example, Said Kurbanov headed the Derbentskiy party raykom [rayon committee] for 22 years. Finally, for some unseemly actions, he was removed with a strict party reprimand. But very soon, this same post was occupied by his relative Mirzoyev. Of course, not without a scandal. The decision of the obkom party buro was carried out at the rayon party conference by Dagestan Supreme Soviet Chairman Magomedali Magomedov himself. And then, Kurbanov's son becomes chairman of the rayon soviet! Well, and today Said himself is back in this capacity, once again managing the rayon...

The cohesiveness of the tukhum-clan apparatus became most clearly evident in the appointment of leaders of the law enforcement agencies. Having grown tired of rampant crime, the republic's residents held tens of meetings and staged a strike involving many thousands of people. Hundreds of women announced a hunger strike in Makhachkala's central square, demanding that the bankrupted guardians of the law be relieved of their duties. But alas, the government performed only an insignificant reshuffling, under which the "beaten ones" were consoled with new appointments, but the "new ones" emerged on the front line. Moreover, the republic's deputy minister of internal affairs, M. Abdurazakov, at whom most of the reproaches had been addressed, became the minister. Either as a mockery of the republic's residents, or to demonstrate the force of his authority.

He was characterized as follows: "He possesses great practical experience in organizing the struggle against crime and protecting law and order, and enjoys authority in the local soviet organs and among his co-workers."

The results of this "experience" are clearly apparent. Today the republic is flooded with weapons. They are constantly being used to maim and kill. Men are forced to arm themselves in order to protect their families. In the last year and a half, Dagestan has also become the center of political terrorism. There have been around 60 murders and attempts on the lives of leaders and people's deputies. Yet the investigation of these cases and many other grave crimes has not gotten off the ground. The question of the responsibility of leaders of the MVD [Ministry of Internal Affairs] and the security service continually arises in the republic's Supreme Soviet. However, things never seem to get down to a review of this question.

The simple workers say in this regard: One crow will never peck out another's eyes. People who are better informed say that it cannot be otherwise. The compromises accumulated over many years in regard to each other do not permit extensive and sudden restructuring, especially in the law enforcement agencies.

Nevertheless, such close cohesion helps people who have gotten into this apparatus of power to believe that the welfare of the state is that which is beneficial to them, or that which is harmful to everyone else. As a result, the living standard of Dagestan residents is 72nd in Russia, while the mortality rate from various diseases is three times greater than the average Russian indicators.

Even the current decline in production which is common to the entire country is proceeding at an accelerated rate here. Especially on the farm. While not so long ago they harvested 360,000 tonnes of grapes here, today they dream about just 100,000. And this is despite the fact that the vineyard areas have increased. Or, for example, in the first half of the year there were 54 million eggs, 36,164 tonnes of dairy products and 4,640 tonnes of meat products obtained here. Comparing these figures with the analogous ones for 1989, we see that the production of these products has declined by two to four times. And so it is with everything, whatever you touch. You must agree, the republic's residents have reason for desperation.

Therefore, the question is asked ever more often in Dagestan: Are the current Supreme Soviet and government

capable of changing the situation and finding a way out of the difficult economic situation?

Here is what the Dagestan residents themselves think about this.

Vladimir Aliyev, professor: "Today, neither the government nor the Supreme Soviet have any unified conception or any clearly formulated ideas about the economic, political and social improvement of the republic."

Ramazan Tsakhayev, head of the chair of economics and marketing at the university: "The powerful resources of Dagestan are being used in an extremely ineffective and unskilled manner. Often the people engaging in economics have no talent for reform, no advanced training and no professional schooling. At the same time, the economy cannot develop under conditions of depraved thinking, dictate of the mafia, and free rein of crime."

Said Amirov, deputy chairman of the Council of Ministers: "We need an individual in whom the people will see a business-like, decisive, goal-oriented man capable of leading Dagestan out of the crime-ridden situation and bringing the people to economic prosperity."

These evaluations are shared also by many other specialists. And not without foundation. If we examine, for example, why the program "gory" [mountains] is not being fulfilled, about which so much has been said for so long, and we will necessarily come to the republic's leadership. In spite of devoting many meetings to this problem, it still never gets down to the specific matter. Because of this, the development of new forms of economic management, land reform, creation of individual farms and many other questions sink into the sand. Yet the markets, we will note, are the most expensive here as compared with the neighboring republics. As if in mockery of the hard-working people of this rich region, where, we might add, 60,000-70,000 hectares of arable lands sit idle, not to mention the neglected land in the mountains.

Yet in themselves, in the description of the republic's leadership these events are no more than a light ripple on the surface of the waters, in the depths of which there are strong currents which subordinate all of its activity.

The strongest of them is the thirst for allocation. One of the leaders of the Dagestan Council of Ministers recently announced to members of the government Commission on Financial-Legal Control and Struggle Against Corruption that—what good is power if he cannot allocate something as he sees fit? And this is not a pose, but an image of life, a purpose for occupying the leadership chair. Not only are the local ranks experienced in this, but even the republic's Council of Ministers chairman himself, A. Mirzabekov.

His primary passion in this field has become the allocation of passenger automobiles. It is a critical and responsible matter. Therefore, circumventing the laws and the existing procedure, he has assumed the responsibilities of salesman on a republic-wide scale. Because of this, the government even ratified a temporary procedure for allocation and sale of cars. What has been the result of this "trade?" In the last four years, 574 automobiles intended for suppliers of

agricultural products and other categories of preferential persons went to people who were, as they say, on the side, but to whom the Council of Ministers chairman had evidently taken a liking.

This is not such a terrible thing, they believe. Those who were to receive cars will get them in time. However, they forget to mention that the difference in prices, and this by conservative estimates being around 700 million rubles (R), will fall as a heavy burden on the budget of Russia and Dagestan. We, the taxpayers, will have to be the ones to pay for the whims, to put it mildly, of Abdurazak Mirzabekov.

Yet such a trifle did not stop him. Like a fisherman when the fish are biting, he will not leave the fishing pole, forgetting about everything else on earth. And so he continues to have command over the deficit goods. For the present day, perhaps all the allocative functions have been concentrated in the hands of the Council of Ministers apparatus. Even the edicts of the President of Russia are not taken into account here.

Has such reformation worked for the good of the republic's residents? Alas, we are becoming convinced of the opposite. Thus, in changing over Russia's wholesale enterprises from federal to republic ownership, Dagestan was immediately deprived of numerous suppliers, since the government must now itself engage in seeking out commodity resources. While before the relative share of interstate and intra-Russian shipments to Dagestan reached up to 60 percent, today they do not comprise even a quarter of this. The trade administrations created in place of the auctions, trusts and associations have probably not lost anything from this. They still have enough to allocate. Yet the people have been deprived of many necessary consumer goods.

Moreover, almost half of the trade network in the republic's cities is closed. Most of the buildings have been given over to commercial or commission stores. At one time the best state trade in Russia, on which numerous all-union seminars were based and which was always being awarded perpetual banners for its work, has now come into a complete decline under the management of the Council of Ministers. The republic's retail goods turnover lags behind the average Russian indicator by three to four times. There is truly no greater misfortune than a person's not knowing the limits of his passions.

Nevertheless, this could have been compensated by some other means. Yet in our search for it we encountered only business games and a stream of various government resolutions and directives. The apparatus of executive power is constantly growing and multiplying into structures which cause confusion even among the unenlightened. A. Mirzabekov himself was forced to publicly admit that different decisions can still be adopted, though it is not always easy to coordinate the work. And on the current questions—it is simply impossible. Nevertheless, having three times announced his resignation, instead of placing his official statement on the republic Supreme Soviet chairman's desk, he put it back in his pocket.

...The Supreme Soviet could have significantly changed the situation in the republic. But, unfortunately, most of its members are these same representatives of the tukhum-clan apparatus who have long ago stopped reflecting the opinions of the electors or thinking about their interests. Political scientists believe that Supreme Soviet Chairman Magomedali Magomedov, who has grown old in leadership positions, is more concerned not about the renovation of the republic, but about the apportionment within the state apparatus. And the apparatus, in turn, despite the retirement age of its speaker, keeps him at the head of parliament, since a new leader who would appear to be authoritative in the eyes of the republic's residents has not taken shape. Trying to win time, they begin to play various cards to distract the people from economic problems. The religious card and the national one are especially well used, leading to open armed opposition.

It is difficult to say how much longer this can continue. It is true, the experience of many centuries of living together by the peoples of Dagestan, it seems, takes the upper hand. Recently the leaders of 28 parties and movements made a step toward each other and united into the Congress of Democratic Forces, whose goal is to preserve a unified indivisible Dagestan and to strengthen democratic and economic transformations within it. It will evidently be difficult for our current republic leadership to oppose such a strong political force.

However, we will not try to guess, but will consider another reality. Once Rasul Gamzatov, in proposing a toast, wished that those sitting at the table do not find themselves in the receding wave. Those who live near the sea know its trick. It rolls up onto the shore, but does not pin one down to it. Instead, it carries him out to sea. The current omnipotence of the tukhum-clan apparatus is nothing other than a receding wave for Dagestan, which threatens to take its peoples away into the bottomless depths of poverty, lawlessness and humiliation.

Separate Siberia Seen as 'Highly Unlikely'
PM1911133792 Moscow ROSSIYSKIYE VESTI
in Russian 17 Nov 92 p 2

[Article by Svyatoslav Grigoryev, Valentin Nemirovskiy, and Sergey Peshkov: "Siberia: On the Road to Separatism?"]

[Text] Something is happening in Siberia: To the pique of the federal authorities, a congress of the region's people's deputies is being held here at the beginning of the year. The recent decision by the Novosibirsk Oblast Soviet directed against the inauguration of the presidency in Russia is forcing us—whether the deputies like it or not—to talk about an open confrontation with the lawfully elected head of state.

So what is happening in Siberia? The results of a sociological poll which we publish here give a partial answer to this question.

The "indestructible union of free republics" [opening line of Soviet anthem] has crumbled before our eyes, and "great Rus" which once united it is coming apart at the

seams. Siberia is not standing on the sidelines during these processes; even before, its inhabitants used to think of themselves as Siberians rather than Russians. Research carried out by the Center for Social Research, Technologies, and Innovations at Krasnoyarsk University together with the "Sociology-Psychology-Social Work" institute-complex attached to Altay University allows us to form an opinion of some of the reasons for and the extent of separatist feelings among the inhabitants of Siberia.

A total of 1,240 people were polled in Krasnoyarsk Kray and 573 people in Altay Kray. Certain differences in the opinions of the inhabitants of Krasnoyarsk Kray and Altay Kray are primarily determined by the structural-economic peculiarities of the two regions. Thus in the former kray, industry is more highly developed and the proportion of city dwellers is 78 percent. The neighboring region is more oriented toward agriculture: The proportion of city dwellers in the latter kray is 55 percent. The relative importance of military-industrial complex enterprises is greater in Krasnoyarsk Kray, where more environmentally harmful and materials-intensive production facilities are located. "Bolshevik" feelings are traditionally stronger here—a factor also connected with the "revolutionary traditions" of the former local party-state nomenklatura, who were often "catapulted" into high-ranking positions in Moscow (let us name just a few former first secretaries of the Krasnoyarsk CPSU Kray Committee: K. Chernenko, V. Dolgikh, P. Fedirko, O. Shenin), and with the specific features of the military-industrial complex enterprises. Certain situational political factors also affected the answers given by the Siberians. Thus in the first six months of 1992 a number of figures of the "procommunist" and "statist" tendency had visited Krasnoyarsk Kray: V. Alksnis, V. Zhirinovskiy, E. Limonov, A. Sterligov... A. Rutskoy visited Altay Kray.

The separatist mood of Siberia's inhabitants is emerging against a background of deepening economic crisis and increasing political tension. Siberians are increasingly dubious about the correctness of the course being pursued by the Russian Government.

In the opinion of most Siberians, corruption and protectionism are on the increase at the present time (74 percent of Krasnoyarsk Kray inhabitants and 79 of Altay Kray inhabitants); about one-fifth of those polled believe that there has been no change, and only 3 and 1 percent respectively think that there has been a decrease.

According to the logic of mass consciousness, if life is getting worse it means that someone must be to blame for the worsening problems. To the traditional Russian question: "Who is to blame?" the majority of Siberians polled gave fairly stereotyped answers: the former authorities, the partyocracy, the mafia.

According to the results of an analysis by factors, the content of deep sections of mass consciousness does not correspond to the most widespread social stereotypes. Center-stage is occupied by a complex indicating that the blame should be laid on the new Russian Government, cooperative workers, traders, entrepreneurs, and the mafia

(63.1 percent of criteria variation). The set of ideas which says that nobody is to blame, that it is the fault of each one of us, and also the fault of the inhabitants of other republics, strikers, and the mass media, is significantly weaker (20.4 percent). The third factor lays the blame for what is happening on the former authorities and the partyocracy.

Many people believe that the center and the western regions of the country are still "living off" Siberia and that the government is continuing the colonial policy of the previous leadership in relation to Siberia: In the opinion of 4 percent of those polled, the Russian Government's reforms take Siberian interests fully into account, in the opinion of 66 percent—only partially; and 30 percent believe that they do not take Siberia's interests into account at all.

Siberians' separatist mood is also fanned by "malfunctions" in the institutions of power at the local level. The widespread stereotype that the authorities in a city or region are in the pocket of shady businessmen or camouflaged nomenklatura is confirmed in public opinion. Nearly half of those polled think that anarchy has developed in Krasnoyarsk or Altay Kray: "Too many chiefs, but little constructive activity by the authorities."

As we can see, the population's attitude to the local (in the broad sense of the word) authorities is contradictory and equivocal. It has been formulated not so much on the basis of an objective assessment of the authorities' potentialities and functions, but rather under the influence of feelings about a particular situation, circumstances, and stereotypes imposed by the press. In particular, there is a sharp incongruity between the surface layer of stereotypes in mass consciousness and the deeper structures. Thus, an analysis by factors demonstrates that the main factor (covering 75.6 percent of the overall criteria variation) combines the organs of local authority, the president's representative, and the head of the kray administration. Clearly, in real life the main bulk of the population backs these institutions of power for the most part. It is these institutions that must bear the main weight of economic and political decisions and try to secure stability and continuity in the sphere of power functions. The second factor (16.2 percent) covers the notion that the authorities are in the pocket of shady businessmen, the directors of enterprises and organizations, and camouflaged nomenklatura. Finally, the third factor (8.2 percent) includes soviets of people's deputies, new political movements, and the absence of any authority.

Fleshing out their ideas about the preferred territorial-state structure of Siberia, 44 percent of the inhabitants of Krasnoyarsk Kray who were polled and 43 percent of the inhabitants of Altay Kray speak about the need for a customs border with other republics and regions, and 46 and 50 percent respectively believe that a duty should be levied on the transportation of goods via the Trans-Siberian railroad and the Northern Seaway. In the opinion of 31 and 37 percent of respondents, they need their own constitution, 22 and 18 percent think they need their own

flag and national anthem, and 19 percent of the region's inhabitants consider it necessary to establish their own national guard.

The most polarized positions of the population regarding the territorial-state structure of Siberia are encountered in rural regions: Some of those polled (most) favor the existing situation, the rest are actively demanding full independence. In the kray's cities the workers belong to the latter category, as well as workers in the service and trade sectors. The more moderate idea of forming a republic (or several republics) on Siberian territory which would have extensive rights but remain within the framework of the Russian Federation has met with more frequent support among workers in the trade, catering, and service sectors, directors of enterprises and organizations, and workers in the spheres of teaching, national education, culture, the health service, and science.

The idea of full sovereignization of Siberia is rejected most frequently by leaders at all levels and workers in the state apparatus and social organizations. Nor does the latter category accept the idea of forming republics on Siberian territory within the framework of the Russian Federation.

It would thus be too much of an oversimplification to put the "fanning" of separatist feelings down to the former party administrative nomenklatura, as is often done in the press. On the contrary, the existing situation has definite advantages for many representatives of the local elite: For example, there is always the possibility that they will be able to attribute their sins to the "hand of Moscow."

The way Siberians imagine Russia developing in the future is not uninteresting. On the basis of preliminary analysis, four general ways of getting Russia out of the crisis have been distinguished which may provisionally be called "market-democratic," "Bolshevik," "national-state," and "authoritarian."

The market-democratic and national-state paths have lost the most supporters. Whereas the reasons for the former are perfectly clear (primarily the problems and difficulties of the initial stage of the reforms, the government's mistakes, the actions of local authorities which have in many ways discredited the concepts of the "market" and "democracy" in mass consciousness, and so forth), the decline in the popularity of the latter is, in our view, connected with the Russian Government's clearly inadequate protection for the Russian-speaking inhabitants in the marches of the former USSR.

On the level of social stereotypes, the most widespread in mass consciousness are the concepts of the national-state and market-democratic ways of getting Russia out of the crisis. An analysis by factors demonstrates that a complex associated with backing an authoritarian, Bolshevik, and national-state way of getting the country out of the crisis (83.9 percent of the overall criteria variation) occupies a leading position. Backing for a market-democratic path forms an independent factor (16.1 percent).

The idea of radical sovereignization, despite a degree of popularity among the population, is one of the stereotypes

that is widespread for the most part among marginal and lumpen sections of the population. The strong national-state and authoritarian mood of many inhabitants of these regions and their dreams of a mighty Russian power makes the establishment in Siberia of territorial-state formations that are independent entities in international law highly unlikely. The idea of establishing a republic (or republics) within the framework of the Russian Federation, based primarily on an awareness of regional economic interests, has significantly more chances of being successful.

INTERNATIONAL AFFAIRS

Concept of 'National Interests' as Foreign Policy Basis Viewed

Rand Consultant Probes Viability of Concept

934C0296A Moscow NEZAVISIMAYA GAZETA
in Russian 16 Oct 92 p 5

[Article by Francis Fukuyama, a Rand Corporation (United States) consultant: "The Vagueness of 'National Interest': The Author of the Sensational 'The End of History' (1989) on Russian Foreign Policy Options"]

[Text] At the time of the collapse of communism and the disintegration of the Soviet Union, it is quite natural that the issue of the "national interests" of Russia attracts considerable interest. In fact, the new Russian state has been compelled to engage in this discussion, since the Marxist-Leninist ideology can no longer serve as a determinant of common national interests, while its borders and the geopolitical situation themselves have changed dramatically. It does not happen very often that a state—unfortunately, as many will say—has to remake itself and its identity so profoundly, without the difficulties created by previously existing structures and external obligations. One may cite as precedents what happened to Austria and Turkey after the collapse of their empires.

The common temptation in the course of such discussions may be the desire to maintain that the said key "objective" national interest may serve as a direction or a task of foreign policy. Ideology may compel states to strive to achieve unusual or grandiose goals such as "building socialism" or "the defense of freedom" in remote and strategically unimportant countries in Asia or Africa. It seems normal that a "de-ideologized" country that becomes "normal" would strive to free itself from all-encompassing goals in favor of more limited ones, which nevertheless are necessary for all states.

An example of such thinking is the recent article by Ambassador Lukin in *Foreign Policy* magazine, in which he describes three scientific directions in the current discussion. The first he calls an "ideologized democratic internationalism," whereby Russian national interests are deliberately subordinated to global ones (this time with a democratic rather than a socialist dressing); the second—an openly revanchist Russian chauvinism; and the third (which he clearly prefers)—"correctly understood national interest."

Usually, the notion of "correctness" with respect to national interest implies something akin to what was meant by the great powers of the 19th century, namely, enhancing the state's strength and its influence for the purpose of preserving its independence, outside of the context of general ideological foreign policy goals. Sometimes the "national interest" is overshadowed by what may be a "nationalist interest," namely, the interest of a national or ethnic group that is dominant in that state.

The conviction that some sort of objective "national interest" exists is in no way a unique Russian trait. There are some in the United States, as well, who believe that American foreign policy has been dominated for too long by liberal-internationalist ideas, such as support for the UN, and that extensive American obligations within the framework of various alliances have outlived themselves. The dream was to bring forward a conservative version of foreign policy, based on a more narrow and more pragmatically oriented understanding of American national interests—in other words, to develop a foreign policy along the lines of a "regular" country rather than the one it is accustomed to—that of the leader of the "free world."

Finally, I believe that attempts to define an "objective" national interest will lead nowhere. The real "basic" national interests exist, of course; however, usually they are minimal and are not a decisive factor in defining a state's foreign policy. States possess a considerable margin of freedom in defining their national interest, and what is currently meant by the notion of "national interest" in reality is a cover for a multitude of ideological, political, historical, and cultural points of view with respect to the state's goals, its external environment, and so on. Thus, when we hear that Russia or some other country should pursue its national interest, the question remains what that interest is. Worse, this approach may advance, in hidden form, a nationalist policy, which will lead Russia into confrontation with its neighbors and with the international community as a whole.

The Changing Concept of National Interest

The idea that each state has a certain stable and objective "national interest" has its roots in the geopolitical theories of the 19th century and the European political system on whose soil they grew. The traditional practice of *realpolitik* assumed that all countries, regardless of regime, internal structure, religion, etc., strive to protect to the maximum degree their independence from other states. The means that a state may use to achieve this and specific limitations within which it has to operate are defined not by its rulers, but rather by objective factors such as its resources, population, and, first and foremost, its geographic position—that is, the position of the state within the global system of states. An unchanging external environment leads to a constancy of interests and to certain clearly defined rules of participation in the balance of power—such as, for instance, the long-dominant position of Great Britain relative to the fact that it will prevent the appearance of a hegemonist force in Europe and guarantee the neutrality of the Benelux countries. Actually, it was the unchanging external environment that was considered the

determinant of the internal character of the state, rather than the other way around: Prussia turned into a militarized barracks state as a result of constant pressure on the part of external enemies along the entire perimeter of incorrectly set and hard-to-defend borders.

Such kinds of geographic determinism became firmly established at the end of the 19th century. A more sophisticated point of view—the understanding that the state's "national interest" is defined not by the evolution of internal factors, but rather by the character of the system of international relations—was expressed not too long ago by the so-called "realists," represented by such figures as Hans Morgentau, George Kennan, and, unquestionably, Henry Kissinger. Modern "realists" do not dwell on the narrow issues of geography; rather, they explore broader issues, such as the bipolar or multipolar nature of force, and take into account the influence of technological changes, such as the development of nuclear weapons.

States have, of course, a certain set of permanent interests determined by their geography and external environment. A foreign policy of a country like Poland, which is flanked on two sides by powerful and ambitious neighbors, must by necessity be different from the foreign policy of Japan or England, which are surrounded by sea. Countries need a military elite to protect its borders; in the event that they cannot protect their own borders, they need powerful allies and access to means of communication with the outside world. These priorities will be operational regardless of whether such countries are ruled by military dictators, liberal democrats, or Communists.

In reality, however, this basis of national interest in the modern world is considerably more narrow, and no longer determines part of foreign policy priorities. What is meant in most discussions as a notion of "national interest," in reality represents broader tasks determined by social tradition, ideology, or culture, and, strictly speaking, is not a decisive factor for the national security of a state.

In order to illustrate this thesis, let us take three countries that have fundamentally revised their national interests in this century: Turkey, Japan, and the United States. In the example of the first of these, it is the illustration that a long tradition of imperialism may be discarded literally overnight and replaced by an absolutely new and partly artificial set of nationalistic traditions. It was undoubtedly Kemal Ataturk who led the transition from the disintegrating Ottoman Empire to a modern Turkish national state. The transition was a result, first and foremost, of the fact that the caliphate ceased to exist and the Turkish Republic was proclaimed, as well as of giving up the global claim on the role of the keeper and promoter of Islam. In this respect, one can trace obvious similarities between Turkey decades after the World War I and modern Russia.

The more narrow "national interest," however, which replaced the universalism of the Ottoman Empire times, was in no way introduced from the outside and was unquestionably formulated in its final form by Ataturk himself. In reality there was an alternate option of a "modern" post-Ottoman interpretation of the Turkish

way, which was put forward by Enver-Pasha and many Young Turks. It would have made Turkey a defender of the interests of ethnic Turks in the entire region, including those who lived far outside the borders of the Ottoman Empire. Only the force of Ataturk's personality shattered the dream of a new pan-Turkic or pan-Turan empire and created a concept of "Turkey Minor"—a compact national state limited to Anatolia. Under Ataturk's firm leadership, Turkey wrote off the interests of millions of ethnic brothers living in Iran and Transcaucasia, as well as what later became Soviet Central Asia, in favor of creating a modern national state at home.

A part of Ataturk's plan was a revision of national identity—in the cultural rather than the political sense; he devoted to it a considerable part of the latter stage of his life, conducting "linguistic research" aimed at the restoration of truer pre-Islamic version of Turkish language. Ataturk was hardly a competent linguist, and much of the new Turkish archetype he ostensibly revived was from the same opera; it did serve its purpose, however, in the creation of a new Turkish archetype that was different from the one prevalent under the Ottomans and the Young Turks, who associated "Turkishness" with either a certain region or the empire. Ataturk's achievements are truly remarkable: Turkey ceased to exist as one of the great powers of Europe and with amazingly minor internal cataclysms made a transition to quite modern nationalism. Some would say that Turkey was forced to make this transition because of the collapse of the empire, but there is no question that the transition to a "normal" statehood would have been far more painful, costly, and even bloody had someone like Enver-Pasha, with his pan-Turkic ambitions, become the father of modern Turkey.

Some will say that the revision of national interests that took place in Turkey was facilitated by a number of factors that are absent in Russia at this time. Ataturk was a true military hero and was more popular in Turkey than any leader is in Russia. Moreover, the proclamation of Turkey Minor was preceded by a bloody war with Greece, which created the situation of "ethnic separation" of the until then mixed Greek-Turkish populace on both sides of the Bosphorus, having thus turned Anatolia into a considerably more ethnically homogeneous territory. Some will also say that currently Turkey no longer follows the goals set by Ataturk, and that old pan-Turkic ambitions have been revived there with respect to Central Asia. I do not think that Ataturk's legacy has been completely abandoned; in any event, the fact remains that the substance of lessened "national interest" that emerged after Turkey gave up more global goals may change and is in no way determined by geography or customs.

The second example of a radical change in national interests is Japan. Until the World War II, Japan behaved with respect to a number of positions as a typical European great power of the 18th century, accumulating military might and building imperialism in Asia. After the defeat of 1945, Japan's considerable national energy was reoriented from the acquisition of traditional attributes of a great power to domestic economic revival. In the course of this

process, Japan unwittingly invented a new type of state might—a techno-nationalism based on the possession of technologies with a high degree of added value, rather than traditional property. Japan became in many respects a highly abnormal state. It has transferred the issues of national security to the auspices of another state (moreover, a state that defeated it in the war), formally renounced the use of force (even for self-defense) in its constitution, and voluntarily assumed a number of restrictions related to arms purchases, production and exports of arms, etc. Any of these restrictions would under normal circumstances have been regarded as a colossal breach of national sovereignty; nevertheless, at this time, the attempts of the leadership of the ruling Liberal Democratic Party to return to Japan the status of a “normal” state, capable of carrying out such normal actions as participation in UN peacekeeping operations meet with serious opposition from public opinion.

With Japan's entry into the world arena as a global economic superpower, there is growing domestic pressure to change its status in the world community. Some may say that Japan's goal, as before, is increasing its strength—this time through economic growth rather than the accumulation of armaments. There is, however, a tremendous difference between cannon imperialism and yen imperialism, and despite the possibility that some day Japan, just like Turkey, may decide to restore its openly imperialistic past, the fact remains that during the past 40 years it has adhered to absolutely opposite national interests, and this has turned out to have been an extremely favorable phenomenon for the system of international relations.

Finally, the latest instance of changing national interests is the United States itself. During this century, the United States has undergone an evolution from the extreme of isolationism to involvement in world affairs, which has happened not only as a result of changed external circumstances (for instance, the Pearl Harbor attack), but also to a considerable degree because of the changed outlook with respect to the substance of national interests. For instance, after the emergence of global consensus in the beginning of the cold war, the majority of the American elite took for granted the notion that retaining U.S. allies in Europe, Asia, and in the Middle East is a vital American interest. This led at times to extremely costly and dangerous attempts to defend them, although there was never a direct threat to the security of America itself. During earlier stages, the United States had adhered to greater isolationism and lived quite happily in this world. Defending allies reflected the vision of the world in which the United States was striving to live (that is, the one consistent with American economic interests and shared democratic values), rather than associated with absolute guarantees of American security. Discussion is currently going on in the United States with respect to a post-cold war foreign policy, with the range of opinions stretching from Pat Buchanan's neo-isolationism to Bill Clinton's global neo-isolationism. Buchanan's point of view, which corresponds most closely to a foreign policy based on the narrowest possible notion of foreign policy, has the least chance of gaining acceptance.

The reason that permanent “national interests” no longer may serve as a basis for foreign policy is the result of some more general social changes that have taken place during approximately the past 100 years. The first among them is related to technological changes—first and foremost in the military sphere. Technological progress has changed the degree of significance of geography and resources, having made some previously insignificant ones important, while diminishing the importance of others. The so-called “northern territories,” for instance, were of symbolic value until the deployment of nuclear-powered ballistic missile submarines made patrolling the Sea of Okhotsk strategically important. The importance of sea power, which in Mahan's opinion was a decisive factor, diminished with the advent of aircraft, ballistic missiles, and nuclear weapons. In other words, the geostrategic position of a country has a certain vague meaning; however, it may quickly lose its importance as a result of technological breakthroughs.

A second, more important factor that undermines the concept of permanent national interests is the changing attitude toward the problems of legitimacy. The classic interest of great powers—the accumulation of might and the use of influence—had its root in the aristocratic nature of the social arrangement of traditional European state systems. The shift from monarchist to nationalist and democratic views on legitimacy has sharply changed the content of the tasks the states set for themselves and the means they may use to achieve it. A most modest change in the form of legitimacy changes the state system and hence the external environment of the state; such was the situation after the Versailles Peace Treaty, when the Hapsburg and Ottoman Empires were replaced by national-state systems—which is what is happening now in the former Soviet Union. The nationalist concepts of legitimacy make it not only difficult, but also undesirable to maintain a hold on a territory populated by a different ethnic group; on the other hand, they bring forward new tasks of national reunification of people living under different political jurisdictions. The liberal-democratic outlook on legitimacy has a tendency to lead to a prevalence of bourgeois values in social life and foreign policy, shifting the priorities from military prestige to the economy. Stable democratic states who share common views on democratic legitimacy, as a rule, have not fought against one another, although they may be in competition in the economic sphere (look at the current difficulties related to the currency crisis in Europe); they are not prone to fall victim to a classic accumulation of power against one another.

The latter factor, which explains why it is so difficult to define permanent national interests, is related to the changes in the essence of economy and production. During the initial periods of the industrial revolution, a state's might was basically determined by the territory, resources, and population. It was natural for that time for the struggle in the world to be over the possession of precisely these items, usually in the form of one state taking them from another. In the environment of the modern postindustrial global economy, however, the main source of added value is in technological innovations and the human material

implementing them. As the example of Japan and of various Asian countries shows, natural resources and the size of the population and territory play an extremely insignificant role in the ability of a modern economy to produce immense volumes of material goods; in this, the most important thing is the human capital, which may be accommodated by a numerically relatively small labor force. Also, leaving aside the option of the physical abduction of another country's scientists, it cannot be created by using traditional levers of state administration. Today the main "national interest" of literally any country is in sustaining the level of growth of labor productivity and per capita income. Physical security and an open international economic system are necessary preconditions for achieving this; however, in reality the continuation of a classic accumulation of force (that is, in the form of accumulation of territories or armaments) will present an obstacle to these kinds of tasks.

In the current debates on the issues of Russian foreign policy, many of those who advocate a return to "objective" national interests, believe deep inside that this means a shift from the status of the 20th-century superpower to a status of 19th-century great power. However, the aforementioned technological, social, and economic changes mean that there is a multitude of ways to achieve a "great power" status, and that economic might in many instances has become more important for the possession of real influence in the modern system of international relations than traditional geopolitical factors of force. Thus, the "national interest" as a vector of foreign policy dissipates like a mirage, leaving open the question what foreign policy Russia should have.

Russian National Interests

Having said that the national interests change and do not necessarily reflect the nationalist interests of the dominant ethnic group in the state, I do not believe that an egotistic understanding of national interests as of a nationalistic one is justified under any circumstances. It is absurd to think that any country may consider itself only an approximate part of the world, whose interests are always in accord with the views of some or other international organization such as the UN or the IMF. (On the other hand, some critics of the Russian Government's policy, who maintain that it is conducting such a policy, are wrong.) This aside, I do not think it would be a mistake for Russia to develop on the whole a nationalist foreign policy oriented first and foremost toward the interests of Russians rather than the interests of other ethnic groups living in Russia and holding its citizenship. If Russia does not take into account the interests of Russians, who will?

We all understand both the dangers of extreme nationalism and the fact that a moderate and positive sense of national identity, on one hand, is useful by itself as well as necessary as a matrix that assists in forming strong national communities. Only within the framework of such national communities is it possible to establish democracy, and it is not accidental that democracy and nationalism have been walking hand in hand since the times of the French Revolution. Nations strive to live for something

that goes beyond consumer prosperity and universal human values: They also strive for positive cultural identity and historic traditions. Since the end of World War II, most European countries have been able to combine live national traditions with political tolerance and liberalism, mainly thanks to shifting nationalism into the sphere of culture and private life. While the EC countries are officially discussing nationalism and bringing forward a transnational program, the opposition to the Maastricht Treaty shows with absolute clarity that nationalism is far from dead in Western Europe. It makes no sense to say that Russia alone should not have living national traditions.

Sergey Stankevich maintains that there are two directions in the current discussion on Russian foreign policy: "Atlantism," oriented toward the world of the "Seven," and "Eurasianism," oriented toward the Near East, Asia, and toward the south as a whole. He presents a gripping argument that currently Russia is not part of the world of the "Seven," and that it will require a wasteful expenditure of time and energy to keep up pretenses that one is a rich country of the first world when one is not. The geographic situation of Russia, on the border of the Near East and Asia, and its Turkic and Muslim population mean that it will inevitably be more involved in the affairs of this region than in those in the Caribbean basin. And finally, its current economic problems are indeed similar to those being experienced by traditionally backward economies of large Third World countries such as Mexico, Brazil, and India, which are all undergoing the process of liberalization and privatization.

To what degree, however, this new house, located somewhere between the North and the South, will become something more than a temporary place of recreation and will become a permanent place of residence for Russia is another matter. The "Eurasian" foreign policy orientation of the 19th-century Slavophiles was based not merely on the factor of Russia's geographic position, but also on the belief that Russia represents a social and political system that is dramatically different from Western Europe. If the current Eurasianism is aimed at Russia's preserving its political and economic system that is principally different from the capitalist liberal democracy that is typical of the rest of the "Seven", I think it will end up in a blind alley, from the point of view of both domestic and foreign policy. This is because there will not be another path of development capable of ensuring for the country great power status in the 21st century. It is useful to remember that Mexico and Brazil are desperately trying to climb out of their southern status and will be absolutely happy if they are at some future date accepted as members of the world of the Seven.

As to the emotional issue of the "near diaspora," I do not see it as completely legitimate when a state becomes involved in the rights and the fate of representatives of its peoples living outside its national borders. The United States are least of all in a position to lecture other countries in this respect. American foreign policy revolved for the better part of the past decade around the fate of half a dozen of its citizens taken hostage in Lebanon, as well as

the earlier Vietnam War MIA's. Neither can the United States categorically deny the possibility of using force outside of its territory in defense of its citizens. The justification provided in the 1983 Grenada invasion was the danger to the life of medical students living there, while the Panama invasion took place, among other reasons, because a soldier of the Panamanian National Guard had made dirty advances to the wife of an American officer.

I do not agree with Mr. Stankevich, however, with respect to what is the optimum way for Russia to ensure the rights and the dignity of Russians living outside of Russia and with respect to the degree of priority this task should have in Russian foreign policy. Mr. Stankevich is extremely sensitive to the nuances of Russian history and understands the limitations and duties it imposes on modern Russians; he, however, overlooks the same type of historic heritage of Russia's neighbors. Russia was an imperial and authoritarian power for a long time, and it cannot pretend that this will disappear overnight. Mr. Stankevich maintains that despite all accusations of the imperial syndrome, such a policy (the protection of Russians outside Russian borders) has nothing in common with imperialism. On the contrary, it is a legitimate and natural desire to avoid conflicts and to harmonize relations on the territory of the former USSR; moreover, Russia will inevitably take the side of the "undeservedly harmed and humbled."

It appears extremely unlikely that the former republics will see the country that less than a year ago was still the imperial center as an unprejudiced defender of the "harmed and humbled." Mr. Stankevich characterizes these countries as being guided by "paranoid ideas of historic and national revenge," and it is undoubtedly true that there are nationalistic eruptions taking place in these countries. At the same time, many paranoiacs have legitimate grounds to be fearful. Russia's transition to a postimperial democracy has only begun, and one cannot say that its adherence to respect for the human rights of the individual is deeply rooted. Naturally, other countries will have justifiable suspicions as to whether Russia's interference in their affairs with respect to the affairs of the Russian-speaking population is absolutely objective. Today's Germany has a tremendous interest with respect to protecting the interests of Germans living outside its borders, but its Hitlerite past has kept it from a tough pursuit of this interest.

Mr. Stankevich rejects "diplomatic" efforts to protect the rights of Russians abroad, but it is absolutely not a given that they will fail, especially in the more European regions of the former USSR. While there are and will continue to appear numerous examples of a respectful attitude toward Russian abroad, in other instances—especially in the Baltic countries—the Russian population is seen as a "fifth column," evidence of Russia's imperial interests. Threats on the part of Moscow will increase rather than reduce these suspicions. On the other hand, Mr. Stankevich underestimates the help Russia may get from Europe and the United States in ensuring such things as a universal right to citizenship. I believe that Estonia's decision to deny ethnic Russians citizenship is a colossal mistake from

the point of view of long-term Estonian interests. This puts it in the position of having to face an unpleasant choice: to try to cope with the political tension that arises in a society where approximately half of the population is permanently unequal, are second-class citizens, or to commence some sort of "ethnic cleansing" in order to get them out—a truly suicidal course. From the perspective of both principle and practical policy, Western countries will have no trouble supporting universal citizenship rights in all states that are successors of the Soviet Union. The effect of such external pressure on small countries like Estonia on the part of Europe, a part of which it wants to become, will be immense.

The issue of the best means of protecting the rights of Russians outside of Russia brings us again to Atlantism and the world of the Seven, which Mr. Stankevich rejects—at least for now. Keeping in mind an exceedingly high number of Russians living outside Russian borders, it appears clear that the only peaceful solution is the deepest possible institutionalization of liberal democracy, based on respect for human rights on the territory of the former Union. Even if the argument over Crimea is resolved to the satisfaction of the Russian majority, the right of Russians in Eastern Ukraine can only be protected if the regime in Kiev continues to determine citizenship by territorial, rather than ethnic or linguistic, principle and gives up on forcible Ukrainization. The other alternative to this liberal option—discussing the rights of various groups, population migration, changing of borders, or using force outside of national territory to protect rights—is fraught with an extremely high risk of repeating the current Yugoslav situation within the borders of the former Union. It is not Iran, Pakistan, or Afghanistan that will be supporting Russia in its attempts to guarantee equal rights for the Russians in Estonia or Ukraine—most likely, it will be the Seven. Thus, one cannot forgo Atlantism as one of the pillars of Russian foreign policy, even if Russia remains for the near future preoccupied predominantly with the problems of the "near diaspora."

Presidential Adviser Stankevich Responds

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in Russian 6 Nov 92 p 2

[Article by Sergey Stankevich, adviser to the president of Russia on political issues, under the "Counter-Opinion" heading: "Russia Has Already Made an Anti-Imperial Choice: Toward the Clarity of a Certain National Interest"]

[Text] Francis Fukuyama's article, "The Vagueness of National Interest" (NEZAVISIMAYA GAZETA, 16 October 1992) added a new round to the discussion surrounding the national interests of Russia.

Leaving to a separate conversation the general formulae of national interests of Russia, I would like to take issue with my venerable opponent on one specific aspect: how Russia can assist in achieving civic equality of ethnic Russians in the "near diaspora."

First, regarding the feeling of agreement that arises when one reads some of F. Fukuyama's initial assumptions. It is amazing—considering that we are dealing with the author who not so long ago proclaimed the “end of history” in connection with the all-out global triumph of the values of liberal capitalism, as well as of a steady decline of national states under pressure from transnational interests and institutions.

This evolution of outlook is especially noticeable in Fukuyama's words that a “moderate and positive sense of national identity” is useful and necessary. It turns out that only on this basis are “stable national communities formed,” only within the framework of which—take note!—is the establishment of democracy possible. What an interesting idea—if one wants a normal democracy, one should think of its national-state foundations and forms.

“If Russia does not take care of the interests of Russians, no one else will,” F. Fukuyama reminds us from across the ocean. Of course, this is precisely the case. Who is going to argue? Well, actually there are many in Russia who are arguing now. They say that if a former native of Russia does not have a stamp of Russian citizenship in his passport, only the “international community” has a right to care for him. Except that it is in no hurry to do so.

Further on, however, we have with a mutual misunderstanding, or a divergence of views.

It is impossible to agree with F. Fukuyama's statement that “for a long time, Russia was an imperial and authoritarian great power” and played a role of the “imperial center” with respect to the peoples of former Union republics. Permit me to ask: What Russia are we talking about?

It was not Russia and not Russians—it was the ruling elite of a totalitarian Union state that sent troops into the Baltics in 1939, into Hungary in 1956, into Czechoslovakia in 1968, and into Afghanistan in 1979. Russia did not occupy anyone and did not impose anything on anyone. On the contrary, of all the republics of the former Union, it sustained the greatest human and material losses during the years of “socialist development.” It was Russia that took upon itself the main burden of the struggle against totalitarianism and for the protection of democratic values. It was, again, Russia in its current incarnation that assumed the main burden of getting in order the legacy of the old epoch—among other things, with respect to the withdrawal and rebilleting of troops, and settling numerous conflicts in the republics of the former Union.

Any attempts to place upon Russia or Russians the responsibility for the deeds of the totalitarian regime are a malicious lie, historic blindness, or a figment of an inflamed nationalistic mind. The current Russia and Russians are no more responsible for the deeds of the communist leaders than today's Latvia and its citizens are for the deeds of thousands of Latvian riflemen on the Russian soil in 1917, and so on.

Above all, it is entirely inadmissible to “justify” with the help of nods to the past hasty anti-Russian actions such as the obvious discrimination against a million and a half

ethnic Russians in Estonia and Lithuania. The situation there is most dangerous, because it is here, in the center of Europe, that there emerges a precedent of modern apartheid raised to the level of law.

There is a certain bitter irony in the fact that ethnic Russians, the majority of whom supported at the referendums the establishment of the independent democratic states of Estonia and Latvia and were ready to become their loyal citizens, have become instead the victims of their own sincere impulse. It turns out that they were needed by the zealots of national democracy as “disposable” citizens.

An even greater affront to international law and common sense is presented now by the attempts of some Western leaders to demonstrate their “understanding” of discriminatory actions of Estonian and Latvian authorities, their willingness to find arguments in support of even such ideas as keeping 40 percent of the residents of Estonia from participating in the elections or declaring Russians born on the territory of Estonia and Latvia (frequently over two generations) foreigners subject to naturalization.

Against this background, F. Fukuyama's words that the current Estonian policy with respect to citizenship leads either to apartheid or to “ethnic cleansing” but either way is suicidal, sound unquestionably realistic. I am afraid that after such sincere words the extreme right in Estonia will declare the maitre an “imperial chauvinist.”

The author's faith that the countries of the Seven will render effective assistance to Russia in protecting the legitimate rights of ethnic minorities on the territory of the former USSR is hardly justified, though. Judging by a weak reaction to Estonian “ethnically cleansed” elections, the matter will not go beyond symbolic gestures of little significance.

For instance, in the report, “Russians in Estonia: Problems and Prospects,” prepared in 1992 by the staff of the CSCE of the U.S. Congress, the action of barring ethnic Russians from elections is justified by the fact—no, you will not believe it!—that these “deprived people,” according to the polls, are more concerned with their economic situation and property issues than with elections.

So here you have it: If in this difficult time the economy is your main concern, you have no business to be in the election precincts.

Moreover, the responsibility for the potential worsening of interethnic relations in Estonia is placed by the report authors exclusively at the feet of...politicians in Moscow. By their protests and inappropriate appeals, they may destroy the emerging democratic idyll.

Those who count on the leaders of Western democracies to take a position of principle on the issue of protecting the rights of Russian ethnic minorities in the republics of the former USSR most likely will be unpleasantly disappointed. In the worst-case scenario, everything the formerly “enslaved nations” do against the bearer of the “imperial threat” represented by Russia will be automatically justified one way or the other. In the best-case

scenario, Western governments will prefer to avoid the controversial topic and by their silence will condone the emergence of a volcano of great destructive power in the Baltics.

So experience shows that nobody will seriously help Russia in solving its most painful problem.

Now about the motives that drive Russia. F. Fukuyama (like many Russian commentators, by the way) draws an analogy with the problem of the Sudeten Germans, who were used by the Hitler regime in the 1930's to justify German expansion. The comparison—if it is fitting at all—shows that the motives and goals of the Germany of those times and today's Russia are in complete opposition. At the time, Germany was ripe for expansion; it made an imperial choice in principle and was not particularly hiding its intentions. An excuse would have been found—if not one, then another (there was, for instance, a staged attack in Poland).

By the way, today's Germany is not indifferent to the fate of ethnic Germans, either, although it is not entertaining imperial plans. In October, German Minister of Foreign Affairs K. Kinkel said in Moscow that Russia's attitude toward the ethnic Germans is a factor in interstate affairs. Well, that is a proper position for a "normal" great power.

Russia has made a principally anti-imperial choice; it does not have the slightest inclination toward expansion, and its main motive is to remove—the sooner the better—the only serious obstacle standing in the way of its devoting its full attention to its own economic problems. We need a stabilization of the situation along Russian borders. This means equal rights and security for ethnic Russians. It is in our interest to remove any excuses and possible justifications for potential expansionists.

In Estonia and Latvia, however, so far other ideas prevail. One gets the impression that some politicians there are interested in whipping up the tensions surrounding the ethnic Russians.

First, for unsuccessful reformers ethnocentric propaganda is the easiest and the cheapest way to mobilize domestic political support. Second, retaining the status of a Western outpost whose role is to dampen Russia's "aggressive designs" would have allowed the architects of the Baltic "cordon sanitaire" to count on long-term, substantial aid from the Atlantic community and a number of Northern European countries.

In order to enhance the significance of the Baltic border, to attract attention to it, and to gain additional geopolitical weight, some Baltic politicians speak of the desirability of a gradual rapprochement between the Baltic countries and NATO, which would not preclude the creation of joint military units whose task would be to fill the vacuum left by the withdrawal of Russian troops. Such a turn of events can hardly be accepted painlessly by Russia. Any steps in the spirit of the "cordon sanitaire" concept would be regarded by it as unfriendly and provocative.

Even more indicative is F. Fukuyama's example of Turkey's experience in the 20th century. He states that Kemal

Ataturk and his followers supposedly "wrote off the interests of million of ethnically close groups living in Iran, in the Caucasus, and in Soviet Central Asia," avoided the temptation to become the protector of Turks in diaspora, and relatively painlessly turned Turkey from an empire into a "normal" small state that underwent a speedy modernization.

In reality, everything was much more complex. For many years the political regime in Turkey was more than harsh and periodically slid into military rule, which made it possible to "hold the line" and to avoid internal squabbling, but at the same time had considerable costs attached to it. One can hardly consider such a road painless.

As to ethnic Turks, Ankara is more than sensitive with respect to this problem. In 1974 Turkey without hesitation conducted a full-scale military operation in Cyprus where, in its opinion, the interests of the Turkish community were threatened. The consequences of this crisis are still being felt. When, at the end of 1980's, "complications" surrounding the ethnic Turks arose in Bulgaria, the result was a flare-up of interstate tensions. Even now the situation of the Turkish minority in Bulgaria remains a matter of keen attention for Ankara. In 1992, armed incidents on the border of Nakhichevan Oblast brought out tough-worded statements and troop redeployment on the part of Turkey.

Since the disintegration of the USSR, Turkey is actively searching for ways to strengthen its influence precisely in the regions that it, in F. Fukuyama's opinion, has written off. In the Caucasus, in addition to Turkish diplomats and businessmen, one runs into numerous "specialists in Turkic research" and advisers attached to high-ranking officials. Preparation is under way for establishing a unified banking system of all Turkic republics, as well as a free trade zone.

Finally, at the end of October 1992, heads of all Turkic-language republics of the former USSR convened in Turkey for a national anniversary, demonstrating by this pilgrimage a kind of underscored piety toward a great power that is energetically forming a new geopolitical junction on the basis of Turkic trans-Asiatic cooperation.

The "normality" of Turkey is in the fact that it has its own geopolitical interests and is working toward ensuring them, without hurting the tasks of its domestic modernization.

Thus, Russia's desire to elevate its concern for the guarantees of civic equality for ethnic Russians abroad to the level of a very important national interest does not appear to be something unique that sets it apart from other states. Rather, the uniqueness lies in the seriousness of the problem (in many areas there is a threat of mortal danger) and its scale—we are talking about the fate of tens of millions of people.

This interest, in my opinion, is absolutely clear, has nothing to do with imperial designs, and must be ensured by Russia mainly on its own, on the basis of bilateral agreements.

Just as natural is Russia's desire to preserve some existing opportunities and to create new ones to influence the

course of events in the regions of vital importance for us. Unquestionably first and foremost among them are the republics of the former USSR. Besides, in searching for its new geopolitical role and a more balanced foreign policy strategy, Russia will necessarily take into account the ethnocultural closeness of Russians to both Slavic and Turkic peoples.

Commentary on Foreign Policy in New International Environment

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[Article by Dmitriy Kosyrev, diplomatic commentator: "Under the Din of Falling Scenery: Russia's Role in the International Arena Is Changing; And Not Only Russia's..."]

[Text] "Where is it, where is our foreign policy concept?"—the loud roar is heard from all platforms: the democratic, the neo-communist and the "simply" patriotic... "There! There it is!"—is heard finally from Smolenskaya Square. The document containing the general conception and specific direction of our diplomacy was prepared at the Ministry of Foreign Affairs [MFA] Administration for Analysis and Forecasting, and was circulated in its other subdivisions. At the present time, according to reports, Boris Yeltsin is studying it very carefully.

Until the President finishes his work, there is no point in discussing the document, although one could catch echoes of it in a report by Andrey Kozyrev to the Supreme Soviet on 22 October, and in a speech by the President to the MFA collegium on 26 October. For now, here are a few remarks on "attendant problems."

One of the problems is that we are not the only state that has not been able to get a grasp on the fast-moving break-down of the principles and mechanisms driving the whole system of international relations. Right now, diplomats from countries large and small are like actors who must act out something by improvisation on a stage on which the old scenery is crashing down and new props are being set up, while the costume designers are changing their clothing on the run. In a situation in which would no doubt cause Winnie-the-Pooh's sawdust head to spin, more than one analytical center is trying—and not always successfully—to find a new place for its own country in a rapidly-changing world.

Here is what the matter is. In the Middle Ages the sole "weight" of a state in the world arena was the hectare. A large territory signified more taxes and many soldiers. Every state was therefore striving to expand and was fighting with its neighbors. With the development of world trade, access to the trade markets, to the sea, to trade routes and then to mineral resources became more important. Thus, world empires appeared, which fought for their interests thousands of kilometers from their capitals. All of this evolved into a short-lived schizophrenic epoch of confrontation of two systems. For a certain time the main factor of world politics was the economic and geographical possibility of accumulating a sufficiently-large nuclear arsenal and using it to threaten the other "camp" from

various points. It was possible to be Upper Volta with missiles and be quite important on the world arena. Or—one could be such a state without missiles, but have importance as a necessary ally of a great power.

This epoch has fled headlong. The time has come for a new Hamburg Account [schet] in the world arena. Weight and significance are now on the side of those whose goods are cheaper and of higher quality, who are able to export capital and technology, who possess large currency reserves. In this sense Japan and Germany have no less weight than France or England, even though the first two have no nuclear warheads. In this same sense, Hong Kong is more important in the world arena than, say, Peru—although Hong Kong is not even a state.

Naturally, these changes are painful even for well-off America, no matter how often they say that the USA is now the only superpower. Super they may be, but whereas the earlier system of global political and military alliances was built on the principle of "containment" of the USSR and its allies (and vice-versa), now all these alliances are questionable. Just as, for instance, American influence in Europe is questionable. I believe that this influence is fated, in a very short time, to be reduced to the Old World—and this influence has its limits. As to the weight of the future Germany—one can only speculate. The same is true in Asia, where the role of the FRG as a competitor to the USA is played by Japan, and the headlong growth of China and the countries of Southeast Asia is also applying pressure.

As for Russia... Whether anyone likes it or not, Russia truly no longer has enemies in the world arena, no one to seriously confront. Moreover, in the current situation there are practically no Herostratos-types in the world arena, like Saddam Hussein, who could seriously complicate the lives of rather powerful states. Incidentally, whereas in the past any local conflict in the "Third World" (Angola, Cambodia) could at any time grow into a global conflict between the "First" and "Second" worlds, at the present time neither the bloodshed in Yugoslavia nor the fighting in the Trans-Caucasus is upsetting the global balance. That means even peace-making will no longer be a matter of life or death to the planet, but the prestigious occupation of gentlemen.

But all this does not signify that Russia has no competitors, above all in the economic sense. Some are interested in the fact that we have been selling uranium or missile technology, and that this will bring ruin to someone. It is to the advantage of some that we become the suppliers of raw materials; to others, it is the development of our high-technology branches. And to still others we are of no interest at all. On the whole, it has already been a year since Russia began to play according to the very same rules as other states in the world arena, for whom diplomacy is not reduced to armament or disarmament, but the quest for civilized ways to enhance one's economic interests.

This is, beyond all doubts, also a battle. But the pivotal point of Russian diplomacy is being displaced, and not

onto soil with which she is well-acquainted. Our country, as incidentally all others as well, is being forced to re-evaluate the "usefulness" of a partner from an economic rather than a political point of view. And it is necessary to do this on the move, when any diplomatic concept written down on paper may become obsolete quite rapidly.

All this, incidentally, should lead to a redistribution of the roles among agencies conducting foreign policy—if that is not already happening. It is difficult to reliably forecast a new merger of the MFA and the Ministry of Foreign Economic Ties [MVES], but one very important point in Boris Yeltsin's speech at Smolenskaya should be marked: henceforth the MFA shall indeed play the role of coordinator of foreign economic activity. In world practice this is indeed how it works. No matter how independent, for example, an American businessman is, without the nod of the State Department he could hardly quietly have dealings with Iraq or (in the past) with Viet Nam. The State Department provides recommendations on foreign economic strategy while relying on reports from embassies and its own analysis of the changing situation; and other agencies have to take this analysis into consideration. Apparently that is the way it will be with us as well.

Two "similar" questions are quite interesting: Is our society ready for Russia's new role in the foreign political arena? And is the Ministry of Foreign Affairs itself ready for this role? But that is another topic. For now, we are awaiting official publication of the new foreign policy concept of Russia.

Chief of Administration for Servicing Diplomatic Corps Cited

934C0330B Moscow TRUD in Russian 12 Nov 92 p 1

[ITAR-TASS report: "UPDK Lifts the Veil of Secrecy"]

[Text] For a long time the activity of the Main Administration for Servicing the Diplomatic Corps (UPDK [Upravlenie Po Obsluzhivaniyu Diplomaticheskogo Korpusa]) at the Russian MFA [Ministry of Foreign Affairs] was to the Russian press of a semi-secret nature. The veil over this "secret," which had disturbed and excited public opinion for many years, was completely removed at a press conference yesterday by the new chief of this organization, 47-year-old Yuriy Proshin, former submarine commander and Hero of the Soviet Union. Proshin reported that UPDK maintains constant attention and renders assistance to 140 embassies, 295 foreign correspondent posts, and about 800 offices of foreign firms, banks and airlines.

Proshin noted that the most important kind of services was rental of official accommodations. The administration has on its books today 145 detached houses and residential buildings and over 700 offices rented to foreign representatives. In addition, UPDK is faced with the task of supporting the normal operation of over 7,500 apartments. By virtue of the profits received from payments for rent and services, UPDK pays annual taxes to the state in the amount of R440 million, and provides half its hard currency income—amounting to 40 million dollars per year.

Responding to questions from journalists, Proshin stated that at the present time the administration has practically no ties with the secret services, and they do not determine the hiring of personnel for working in the foreign offices.

Visit of Danish Foreign Minister, Ties With Denmark Viewed

934C0330A Moscow NEZAVISIMAYA GAZETA in Russian 3 Nov 92 p 4

[Article by Aleksey Varenov: "'Love and Brotherhood': Their Recollection Can Energize Russo-Danish Relations"]

[Text]

DENMARK.

From 25 through 29 October, Denmark's Foreign Minister Uffe Ellemann-Jensen paid an official visit to Russia. The current talks were devoted primarily to practical matters of Russian and Danish interaction on both a bilateral and international level. The Danish minister met with Yegor Gaydar and held talks with Andrey Kozyrev at the Russian MFA. During the visit, an inter-governmental agreement on developing economic and scientific-technical cooperation was signed. The Russian side noted the sincere desire of the Danes to assist Russia in solving the problems facing her.

Relations between our countries have a long history: the first diplomatic contacts between Russia and Denmark began in the last decades of the 15th century. It is understood that the signing of the first Russian-Danish treaty "On Love and Brotherhood" on 8 November 1493 was not so much the result of brotherly love as of political necessity. According to the treaty, Russia—then the Grand Duchy of Moscow—was obliged to help Denmark in a war with the Swedes, and Denmark was to support Ivan III in battle with the Lithuanian prince for access to the Baltic Sea. As a consequence, in the years of the Northern War—1700-1721—Denmark was also an ally of Russia. Our countries have a unique history of bilateral relations: Russia and Denmark have never been at war with one another. Of course there were ups and downs in this cooperation, but we have always been able to preserve the correct tone in our relations. As Aleksey Tolmachev, chief of the Danish Department, Second European Directorate, MFA, noted with satisfaction, there are no unresolved problems in Russo-Danish relations. The 500th anniversary of the "Treaty on Love and Brotherhood" will be observed on 8 November 1993, and the Danish side desires that the President of Russia appear at the celebration. According to the MFA, the Danish minister transmitted the verbal message of Queen Margrethe II to President Yeltsin, with an invitation to come to Denmark in the Fall of 1993 on an official visit.

The subject of bilateral relations became central in the course of the recent visit. In talks with the Russian leadership, Minister Elleman-Jensen discussed the course of the reforms and offered his opinion on Denmark's participation in carrying them out. Prospects for joint

projects were examined during discussion of questions of economic cooperation and broader involvement of Danish business circles in the sphere of interaction with Russia. The Danes display greatest interest in the Northwest of Russia, Kaliningrad Oblast, and Krasnodarskiy Kray. The Danish side also proposed concrete projects for material-technical assistance on housing and social arrangements for Russian troops withdrawn from the Baltic countries: specifically, the Danish Government is allocating 50 million Danish Kroners for realization of a "pilot" project.

During the talks at the Russian MFA, questions of European integration and practical interaction of the two countries on the international plane were discussed. Beginning 1 January 1993, Denmark will assume for 18 months the chairmanship of the European Community. This is all the more interesting because, according to Sergey Yastrzhembskiy, both sides are hoping to sign an agreement on Russian partnership with the ES [European Council] early next year. In the opinion of experts, Denmark not only promises but is also striving to actively assist Russia, with which she has had the most cordial relations for five centuries.

MFA Official on Issues Affecting Future of Russian-Korean Ties

934C0310A Moscow VEK in Russian No 12,
30 Oct-6 Nov 92 p 4

[Interview with Ministry of Foreign Affairs Korea Department head, Georgiy Toloraya, by Sergey Kudasov: "Our Property in Seoul: Russia Never Abandoned It, Announces MFA Korea Department Head, Georgiy Toloraya, in VEK Interview"]

[Text] [Kudasov] B.N. Yeltsin's visit to the Republic of Korea, planned for September, was suddenly changed to November of this year. What are its prospects?

[Toloraya] First of all, I would like to note the importance of our president's forthcoming trip to Seoul, which will become the first visit of a Russian leader to the Korean peninsula. I would like to remind you that before the fall of the Union, M.S. Gorbachev made a brief stop to the Republic of Korea as he was returning from Japan to the motherland. So switching the times for the visit has introduced at least one positive element: B.N. Yeltsin's trip to Seoul will be an exclusive, full-scale visit.

[Kudasov] And how do you evaluate the planned signing during the course of the Russian-South Korean Summit of the Treaty on basic relations between the countries?

[Toloraya] The Treaty should become an agreement of the new type. Firstly, it is in complete compliance with the UN Charter, and is not directed against anyone. It contains no military aspects of interrelations or other statements that would form a Russian-South Korean alliance in the traditional sense of the word. The Treaty is not being concluded for the purpose of uniting our forces in a war against any other state or union of states. It simply lays the groundwork for long-term friendly cooperation. We have all the necessary preconditions for this. After all, today Russia and the Republic of Korea have essentially taken very

similar paths in their development: from totalitarianism and authoritarian forms of government to democracy. We confess to holding the same views on human rights issues and market economy problems. All of this brings us closer together, and makes us allies in the broad, universally human sense of that word, not in the narrow political sense, as it has been understood in the past.

[Kudasov] One of the most complicated issues of bilateral relations is the problem of the former Soviet leadership's responsibility for the deaths of the passengers on the South Korean Boeing aircraft in 1983. What do you think, can we expect an official apology in this matter during the Russian president's visit to Seoul, and can we count on this issue being concluded? Besides this, it would be interesting to find out if the relatives of victims in the tragedy will be paid compensation or not.

[Toloraya] Indeed, the incident with the Boeing aircraft is one of the most urgent issues in bilateral relations. We are interested in speaking the truth about the tragedy, and we are conducting a continuous search for documents relating to it. Occasionally, we are successful in finding such materials. For example, we have uncovered a brief announcement about a Politburo meeting on the Boeing aircraft incident. And on October 14, Yeltsin handed over newly discovered materials concerning this problem, including recordings from the "black box," to representatives of the South Korean government. The tone of statements issued by Seoul after this cause me to believe that the chief concern for South Koreans has to do with their attempts to prove Russia guilty and to raise the question of compensation. We cannot agree with this sort of position. Our side is prepared to establish the truth, and to conclude this incident. However, it is clear that our participation, alone, in the search for truth is insufficient. Many countries were involved in this incident. For this reason, they must add their own important details to the general picture of what happened.

[Kudasov] Will the question of the former Russian mission's territory in Seoul be broached and resolved during the visit?

[Toloraya] Evidence and documents show clearly that nobody ever doubted Russia's rights to real estate in Seoul. This piece of land was acquired in the 19th century by the Russian envoy. Rights to own land were confirmed in 1925, when a general USSR Consulate was opened, that existed right up until 1949. The question of the property has never been disputed, and Russia has never abandoned it. In accordance with international law and the statutes of the Vienna Convention, this piece of land, as before, belongs to the Russian diplomatic mission. On an emotional level, I can understand the Koreans, who have nationalized the land—property of the country that they, possibly, consider responsible for beginning the Korean War. But this runs contrary to the norms of the civilized international community, of which both we and the South Koreans are members at this time.

The question of restoring Russia's ownership rights to the land are on the agenda today. Over the course of the

negotiations in early October, we handed over documents to the South Korean side that confirm that the land belongs to Russia. Naturally, we understand that it will not be easy to resolve this problem, as part of the land has been sold to companies, and some of it has been built on. But we are prepared to compromise. The main thing is that we do not want this problem to grow into a court case. We hope that we will be able to find a political resolution.

[Kudasov] What prospects do you see for the development of trade and economic cooperation between our countries? Will an answer be found to the problem of unfreezing South Korea's credit? Can we expect an influx of investments in our economy from the Republic of Korea?

[Toloraya] Trade and economic relations are the most important component of our contacts with Seoul. The idea that the structures of our economies are complementary and that the development of relations in this sphere would be advantageous was repeated many times over the period before diplomatic relations were established between the countries. This idea must be dominant in the long-term development of cooperation between us. Russia and the Republic of Korea have all the necessary prerequisites for becoming the leading trade partners in Asia. It is possible that this will occur in the 21st century. Unfortunately, over the last three or four years, while they have been fruitful, our trade and economic relations have also been the source of problems and difficulties. The main reason that this kind of situation has arisen is that circumstances in Russia are definitely complicated, and Korean businessmen are afraid to conduct large operations on the Russian market.

But there is one more side to the coin. There is a possibility of being late, of coming in time to glimpse only the end of the train steaming into the distance. Right now in Russia, there is a unique situation that is allowing foreign businessmen to be active like never before in winning the market before their competitors leave them behind.

The question of paying credits, of course, is not a simple one. But I would like to emphasize that Russia does not turn away from its obligations. The problem is, who as a result will take big losses in the long run. This is especially brought to fore by the situation with the credits extended in 1991. Goods were prepared for export to Russia, but the matter went no farther than that.

Interbank Finance House President on Need for Western Investment

934A0243A Moscow NEZAVISIMAYA GAZETA
in Russian 6 Nov 92 p 4

[Interview with Vladimir Mironov, president of Interbank Finance House, by Petr Arabov: "Russia Has Discredited Socialism. Is It Compromising the Principles of Socialism? This Is the Subject Discussed by Vladimir Mironov, President of Interbank Financial House"]

[Text]

Opinion

[Arabov] The supporters of the government assert that the West and its financial institutions desire the prosperity of Russia. The National-Patriotic opposition repeats over and over again that the goal of the West is to keep Russia on its knees, to transform it into its raw material appendage. And what position do you support?

[Mironov] I think, both the ones and the others, in trying to play their sort of "Western card," are pursuing political goals, for the government in a dangerous way has linked its fate with whether they give money or not.

In actual fact, the relations of the West with Russia is much more complex. The world community, including the financial community, is interested in Russia's becoming a normal market and democratic country, where one can do business securely. For example, the management of the largest bank of America (Chase Manhattan, City Bank, First Chicago, and others) are worried about our indebtedness to their clients who are doing business in Russia. For this reason, these banks together are taking an active part in the modernization of our financial system.

During meetings in the World Bank, the International Financial Corporation, the Multilateral Agency for Insurance of Political Risks, and other organizations, I became convinced of the sincerity of their desire to help us.

[Arabov] But the opponents of cooperation with the West assert that is advantageous not to us, but to the transnational corporations.

[Mironov] This assertion is indicative of our subconscious hostility toward the outside world, engendered by the chronic inferiority complex. The fear of transformation into a raw material appendage—this is a secret phobia called forth by our former inability to make intelligent use of our resources. In so doing, they do not notice that already under Brezhnev, when oil and timber were exported without restraint, we became transformed into a raw material appendage, true, with first-class missiles and submarines. . . .

I think, speculations on the subject of the sale of Russia are conducted for the reanimation of another one of our complexes—inclinations toward self-isolation. In the present situation this means only one thing—our transformation into a world province.

I am convinced that Russia will develop the status of a great power only through success in the economic sphere. There is no other way out for us. I have memorized the words of the former U.S. secretary of state, Henry Kissinger: "If Russia transforms itself into an economic force, it will be able to unite already on a new basis all contiguous states. If the reforms collapse, the temptation will arise to do the same with the military club, but then Russia will collide with the West." One can understand what the experienced statesman failed to say: The reanimation of the military-power myth will lead to the kind of reaction of the West that will raise the question of the very existence of Russia as a unified state. And here our hurrah-patriots are right: The West, indeed, does not want to see Russia

anymore in the form of a missile and nuclear monster. But neither, I am convinced, does the majority of the Russian people.

[Arabov] But, you know, a fundamental geostrategic weakening of Russia has already occurred. . . .

[Mironov] In the conceptions of the old epoch of the Cold War—an epoch that is over—yes. But, you know, we have entered a completely new epoch, when other global contradictions are arising, when another configuration of world forces is taking shape. I had occasion to be in a number of think tanks in the United States, subsidized in the main from the state budget. There people are seriously looking at Russia as a main ally of America in the struggle with Japan and Western Europe. Moreover, Russia in these schemes is of interest to the United States, not because of its oil, but because of its technologies and the potential of a reformed economy.

[Arabov] But this all is in the future, and the present position of the International Monetary Fund [IMF] is very rigid.

[Mironov] During the discussions in the Fund we tried to convince our interlocutors that their maximalism can push people into the street. Moreover, the classic prescriptions of the IMF are applicable to us only with difficulty. You see, Russia is not even Latin America, where the market has existed for more than a century, but in our country it is in essence just being born.

The IMF, in spite of the bureaucratic character of this organization, is not devoid of internal struggle. Its director, M. Camdessus, clearly understands that in Moscow world history is being created, and for this reason the IMF, even for purely corporative interests, cannot remain on the sidelines.

For the IMF, the reforming of Russia is not simply an ordinary project, but a challenge and even a certain frontier. You know, our country is the last great block of humanity making the transition to a full-fledged market economy. The failure of our programs will mean a decisive defeat for the Fund, which hardly will then exist in its previous form. For this reason, for it, this is a question of its own fate.

I believe that the Fund is ready to make concessions. The whole question is for the concessions that are being "beaten out" by the Russian leadership to serve the strengthening of democracy, and not to act as a brake on the development of the reforms.

[Arabov] But, you know, it is obvious that \$24 billion for Russia is nothing.

[Mironov] Of course. But they can have colossal political and psychological significance in the sense that then the money of private investors would come to us as well.

The capital modernization of Russia requires colossal funds. I do not see sufficient money allowing us to successfully overcome the barrier in the 21st century. Unless we pump out all the oil and cut down all the forest. But even for this we need imported technology. The temptation can

arise, of course, to find resources for modernization within the country through the usual expropriation of the means of the people itself. But the people today is poor. . . . Although according to a number of estimates, sums running into more than \$300 billion are roaming around in Russia.

[Arabov] And you believe that the investors will come?

[Mironov] You will be surprised, but precisely such a question was put to me in the editorial board of the WALL STREET JOURNAL. I am convinced: More money will come, and my conviction is based on an analysis of long-term trends of the world economy. After the war, a great investment wave arose. Moving in two streams from America into Western Europe and Japan, it encompassed, on the one hand, South Korea, and, on the other, Southern Europe and the countries of Latin America. Passing through every region, the wave grew by way of multiplication, and there is no doubt about the regularity with which the colossal, supra-nationally formed money heads where it is needed. Sooner or later, this wave will reach Russia, which—given conditions of a stable political situation—will undoubtedly present itself as the most inviting center of attraction. I do not know what can deter us from these global financial flows.

The world economic experience of the 20th century shows: Foreign investments go into the countries where a strong private sector exists. The seven most developed states account for the absolute majority of mutual investments, that is foreign capital will head into Russia when serious private business springs up here.

[Arabov] Let us suppose, money of the whole world comes to us. Will the national entrepreneur not choke in it?

[Mironov] The president of the Federal Reserve Bank of New York, G. Carrigan, when meeting with Moscow bankers, directly asked whether we are not afraid of the competition from the most powerful American banks. I think that the compradorization of Russian entrepreneurs will not happen if the problem of the relations of the state with the entrepreneur is solved correctly. Even in South Korea (where large corporations operate thanks to the state), not to mention America with its very powerful state support of private business. Specialized state institutions there grant export credits (Export-Import Bank) and insure private investments (OPIK) [Overseas Private Investment Corporation], and do other things for their businessmen. Our state does not want to see in Russian entrepreneurs conduits for national interests.

[Arabov] Where to begin?

[Mironov] For the time being, Russia is enclosed by a fence, preventing serious investments, and I am convinced that it is not so much the West as powerful forces inside Russia that do not want for this country to become, figuratively speaking, part of humanity. This is the nomenklatura establishment. Precisely it is what stands between Russia and the world. Our bureaucracy, not without reason, suggests that the integration of Russia into the world will deprive it of the opportunity, utilizing the

mechanism of power, to privatize the economy to its advantage. Precisely it is afraid of the creation of a normal market in our country—that is to say a market that is open to the world. And it will fight its last battle in the most decisive direction of the reforms—privatization. Meanwhile, whether we are late (how many times already!) for the meeting with civilization or not will depend on how privatization will proceed—demoratically or in the nomenklatura manner.

Today Russia has turned out to be at a historic juncture. Toward what market shall we move? The nomenklatura is trying to turn privatization into a farce in order to use national wealth for personal enrichment. Probably an abyss will develop between a small group of the wealthy and the proletarianized masses. An inevitable reaction to this will be a Russian "rebellion", as this was already the case three times in our history in answer to the reform of 1861, the Stolypin reforms, and the NEP. Or the upper hand will be gained by the popular-democratic variant of privatization, in which the transformation of the majority of the people into a powerful middle class of private proprietors will become the chief content. In such a situation, a significant part of the people, and not the bureaucracy, becomes the chief actor.

Russia has so many times proved to be at such junctures that one involuntarily recalls again the Marxist dispute about the Prussian and the American paths of the development of capitalism in our country at the beginning of the 20th century. At present we find ourselves before so epochal a choice. The only subject discussed is either the Japanese or the Bolivian-cocaine path. If the second is victorious, one skeptic will be proved right, who declared: "How Russia has discredited the idea of socialism, so it will also compromise the idea of capitalism."

New Principles of Foreign Credit Allotment Described

934A0242A Moscow ROSSIYSIYE VESTI in Russian
11 Nov 92 p 3

[Article by Igor Andreyevich Selivanov, head of the Administration for the Balance of Payments and Foreign Credits of the Ministry of Finance of the Russian Federation: "Have Confidence in Yourself: New Principles for the Allotment of Credits"]

[Text] The necessity of improving the existing procedure for calculations of foreign credits, obtained on the basis of inter-governmental agreements, and the more rational use of them have become obvious a long time ago. The principle of their centralized allotment has in many respects proved to be insufficiently effective. How have we used them up to now? The applications from ministries and departments were collected with proposals regarding the list of credit import purchases and carefully analyzed. The degree of necessity of receiving these or other commodities was established, and then their list was coordinated with the foreign creditors. This work was carried out by the ministries of foreign economic relations, economics, and finance.

This system made it possible for departmental and even the personal interests of some heads to dominate. Frequently departments compile applications, not proceeding from the principle of the necessity and importance of this or that list, but from the conviction: The more we ask, the more they will give us. This has led to an insufficiently thought-out and substantiated commodity filling of the foreign credits being attracted, which frequently was not conducive to increasing the export potential of the country and the development of import-replacing production. A tendency to "eat away the credits" was noted. Moreover, they had to pay very little for the credits—kopecks, considering the real existing exchange rate of the ruble.

Now the situation has drastically changed. A single ruble exchange rate has begun to be used. For this reason, every recipient of an import commodity must reckon, not with an advantageous, but with the market exchange rate. A mass of problems have arisen. For many customers this has turned out to be simply unrealizable, in spite of the system of subsidy coefficients compensating the difference through budget funds. The rise in prices has become a reality, and the accessibility of credits for enterprises has sharply decreased.

Now the lack of consideration in the ordering of products is being turned around through obligatory payment and by considerable sums. Meanwhile foreign credits could be used with greater effectiveness. Recently, for example, the Ministry of Finance sent a memorandum to the Government to the effect that too many contracts have been concluded for the purchase of animal oil. At the same time, domestic production, because of the reduction in demand, has accumulated large reserves. And if now the demand grows to the 1991 level, the surplus will be sufficient to cover the difference between them and the present production level for approximately 2.5 years. Besides, in the compilation of applications and the conclusion of contracts for oil supplies, it was not all taken into account that purchases of it are subsidized at the expense of the budget to the extent of 80 percent of the import cost. The sum of the ships already chartered for transport will come to about R7 billion.

All this led to the conclusion: It is necessary to change the principles for the allotment of credit resources. Especially as our commercial or not fully-state structures, firms and enterprises often cannot go directly into the capital markets and obtain credits abroad without government guarantees. For this reason now, besides the centralized allotment of credits, two other forms are appearing—the holding of competitions and sales. To them will be admitted juridical and physical persons who are residents of the Russian Federation.

At a competition, credits will be presented whose target-oriented use has been regulated. Let us say that a certain part of them must be directed into the purchase of food or some consumer product. If you won the competition, you are obliged to buy for the sum received the indicated group of goods. With what firms you conclude contracts, what concrete products you take—that is your business. In the sale of a credit or parts of it, no prior determination is

made as to what this or that firm may acquire. It is free to select any commodity by agreement with the creditor—machine tools, food, equipment, etc.

It is being proposed that for the technical organization of competitions and sales a working organ under the Ministry of Foreign Economic Relations of the Russian Federation will be created. It announces the conditions for their conduct, which are still in the study stage, although the principal provisions are already clear. It also generalizes proposals concerning the organizations that are candidates for participation in them: What projects they would like to include in the credit, what conditions they advance, and how they intend to pay back the credit. The materials submitted must be accompanied by the conclusions of an independent group of experts concerning the economic effectiveness of the projects being introduced and the guarantee of the repayment of the credit.

The competitive selection of the candidates will include the following criteria: The direction of the use of the credits, the quality of the guarantee obligations of the borrowers presented, or the authorized banks, proof of the solvency of the firms, and the [hard] currency cost recovery of the project presented. Preference will be given to purchases of equipment that make it possible to start currency-generating production, as well in cases of the reduction of the level of budget subsidies in the purchase of goods, and proposals of the borrower regarding an increase in the share of payments that must be made prior to the acceptance of contracts for financing.

A borrower who has received the right to the use of a foreign credit must conclude a credit agreement with a banking agent of the Government for foreign borrowing, as well as draw up a "tax agreement" for the property at his disposal. In case of failure to fulfill his obligations in regard to the repayment of a credit, a suit may be brought against him in an arbitration court. In case of definitive insolvency of the borrower, he may be declared bankrupt and his property may be sold to reimburse the state for the repayment of the credit. For the time being, these are theoretical considerations and rough drafts; how this will turn out, practice will show.

All these and other principles will act in a network, in an integrated manner. I would like to draw special attention to the financial aspect. Since many types of goods are subsidized, the competition or sale, other things being equal, will be won by those who will pay the highest price

for the credit or agree to the smallest subsidy. Let us suppose, the purchase of some food is subsidized from the budget to the extent of 80 percent. The right to it will be won by him who, possibly, will give up the subsidy altogether.

Credits are now being attracted for investment purposes and for the purchase of goods. In the enacting documents, a different procedure for settlements will be fixed, depending on the character of the credit. Settlements for products being rapidly sold, yielding almost immediate returns, are effected in the ruble equivalent of its import cost at once. That is, if the entrepreneur is inclined to expend \$100 for the import of such a commodity, they will without delay take rubles at the market rate from him. If we are talking about equipment for a plant being built or its installation in already completed shops, and the amortization periods for such equipment are long, only an advance payment, constituting, as a rule, 15 percent of the amount of the contract, will be taken from the recipient of the credit. The remaining part is repaid in rubles or hard currency at the choice of the borrower.

The rubles are received from the account of the Ministry of Finance for the purchase of foreign exchange in the Central Bank. Of course, it would be simpler for us to have the borrower settle directly in freely convertible currency. However, even if sufficient ruble funds were available, it is not always possible to obtain in good time in our domestic market the foreign exchange necessary for the payment.

As we see, the responsibility of enterprises for the use of credits and their repayment is increasing. Therefore the credit burden of Russia may decrease. Apparently, for this reason the desire of enterprises to receive credit has appreciably diminished. However, the applications of many have already been collected, and credit lines in the main have not only been filled, but also been contracted for. For this reason, many domestic borrowers are bombarding us with letters requesting the establishment of advantageous coefficients for one purchased commodity or another and the granting of various exceptions. The volumes of budget subsidies that we can permit ourselves will in many respects determine the character of the commodity filling of the credit resources being attracted.

We are counting on the fact that all the innovations that are being prepared will help enterprises and firms develop a significantly more careful attitude to foreign credits, as well as their rational use.

POLITICAL AFFAIRS

Kravchuk Views Draft Constitution

93UN0315A Kiev HOLOS UKRAYINY in Ukrainian
12 Nov 92 pp 2-3

[Article by President of Ukraine L. Kravchuk: "The Building of Statehood and the New Constitution of Ukraine"]

[Text] National discussion of the draft new Constitution of Ukraine has become a milestone on the path of building the statehood of Ukraine. In evaluating the process of this discussion itself, we may be convinced yet again that a Constitution is written by individuals but created by a people. Our state independence was asserted by the will of the people. The will of the people should be embodied in the new Constitution.

The adoption of the Constitution will determine not only the current status of our society but also the longer term prospects for its development.

Naturally we would very much like a version of the Constitution which would ensure constitutional stability for at least several decades to result from the work on the draft Constitution. The current draft is a reflection of complex political processes in a period of transition, in which environment our society has lived, the Supreme Soviet has operated, and the Constitutional Commission has worked. For this reason, its content could not but be affected by varied agreements and compromises.

This gives me the right also to outline my personal position on the main provisions of the draft Constitution and avenues for further work on it.

We are proceeding toward a rule-of-law state in which the Constitution is supposed to be the definitive regulator of social relations, and not only to constitute the core of the entire judicial system but also to perform the function of directly applicable law. This is why it is understandable that the style of the statement of constitutional provisions should be in line with the task of their actual application. This is why the draft Constitution of Ukraine, with its actual scope and content, is quite voluminous; on these scores, it is on an equal footing with the main laws of a majority of civilized countries of the world.

According to the draft Constitution of Ukraine, the individual, as the highest social value, is the main priority in the operation of the state. The individual himself becomes a participant in the relationship of "man—society—state" and is endowed with full rights, as opposed to a "cog," which he was in a totalitarian state, a silent executor of the "will of the state" which was established in an authoritarian manner. It is natural that safeguarding the rights and freedoms of the individual, as the primary foundation for the existence and progressive development of a society whose ideal is humanism, is the reference point and the leading function of the state in keeping with the draft Constitution.

Information from all echelons of the representative system testifies to diverse views on the draft Constitution. In

Donetsk Oblast, the Sumy Oblast Soviet, and the city and rayon soviets of Kiev and Kharkov they gave an unfavorable evaluation to it. There are other statistics, too. Thus out of 587 sessions at which the draft was discussed in Khmelnytskyi Oblast, it was approved in 559 cases. These ratios were 356 and 261 in Kirovograd Oblast, 460 and 326 in Kharkov Oblast, and 447 and 425 in Poltava Oblast.

An overwhelming majority of the citizens of Ukraine positively evaluate the priorities set forth in the draft with regard to the main human rights and freedoms and their guarantees. These rights and freedoms conform to modern international standards in the area of rights and freedoms for both individuals and the corresponding collective rights, including those of ethnic minorities.

At the same time, we have a number of controversial aspects here. First of all, these are questions concerning so-called positive rights which, according to the traditional classification, embrace most economic, social, and cultural rights (to work, education, health care, housing, and so on). The rights in question are not rights in the proper meaning of the word, because their full scope cannot be guaranteed, in particular by way of judicial protection. Apparently, this is why the position is becoming increasingly widespread that it is worthwhile to omit these rights from the draft Constitution. This may be logical from the point of view of specialists. Yet if we are to be ultimately open, realists rather than utopians, we should recognize that as of now neither our state nor even the more affluent states can give due guarantees of the exercise and protection of economic, social, and cultural rights for their citizens. The absence of judicial protection, the most effective form of legal guarantees, makes the rights in question declaratory and thus discredits the very concept of human rights.

On the other hand, can we entirely ignore the issues of economic, social, and cultural rights of citizens in our Constitution? No, we cannot, because the draft Constitution would not be in line with the status of the public consciousness of the people, a status which evolved in the environment of the constitutional proclamation of an extensive system of precisely these rights, while their content was deliberately obscured by pseudo-guarantees. What is the way out of the situation that emerged? Perhaps we should change somewhat not only the wording of certain articles which concern citizens' economic, social, and cultural rights but also consider their place within the structure of the future Constitution. It may be feasible to separate them out into a special chapter on the social intentions of the state. This will clearly set forth and authenticate the humanistic objectives of our state. At the same time, the state will honestly tell its citizens about its current potential in the matter of safeguarding their rights.

To my mind, provisions of Article 14 of the draft concerning possible restrictions on the rights and freedoms of citizens are in need of certain refinements. In the current version, these provisions leave much room for loose interpretation by the pertinent state organs, and therefore for probable abuses on their part. This should not happen under any circumstances.

The use of the term "civic society," which is being introduced into our constitutional legislation for the first time, is somewhat nontraditional for Ukrainian constitutionalism. However, this is necessary in order to substantively delineate the spheres of operation of the state and society.

The state and society are identical and merge into a single entity, and all of public life is state-dominated, only under the conditions of totalitarianism. In civilized countries the spheres of operation of the state and the independent activities of public forces and individuals in society are clearly delineated. As a result, public interest is a determinant for the state, rather than the other way around. Civic society itself provides the environment for the development of various independent associations—political, religious, economic, ethnic-cultural, and others. This is why this notion is extremely important in order to understand the nature of the foundation on which the building of the state rises up, as well as mutual relations between society and the state.

The issue of the forms of property has become the ultimate problem for our society, which is being built on democratic principles. The recognition of private property is the decisive change in understanding and determining prospects for resolving this issue. In this instance, it is worthwhile to emphasize, in particular, that for the first time it is envisaged to codify this right at the constitutional level as the foundation for freedom and the spiritual and economic independence of citizens.

Along with private property, the draft Constitution also codifies public property—state and communal (municipal) property.

The division of property into public and private objectively determines two main subjects of property rights: the state and the individual.

As far as collective property is concerned (property of labor collectives, leasing collectives, collective enterprises, cooperatives, economic associations, professional partnerships, and so on)—and a lot has been written and said about the need to codify it in the Constitution—such property is not an independent form. It should be considered a derivative of private property. Collective property, in essence, is the joint property of private individuals. It exists in all countries, and amounts merely to a mode of organizing the cooperation of specific people, within the confines of which relations between these people and procedures for the management of the collective and property are determined. The functions of ownership, use, and administration of assets are performed through such an organization.

The draft Constitution assigns great significance to the development of market relations. It is good that a special chapter of the draft is devoted to entrepreneurship. It says that the state supports and protects initiative, enterprise, and the freedom to sign contracts. The provision stated in Article 74 to the effect that "interference by state organs in the economic operations of entrepreneurs is forbidden, except in the event a state of war or emergency is

imposed," is particularly important in this regard. Naturally, the freedom of enterprise, in the absence of which market relations are impossible, does not mean that the regulatory role of the state in this sector is entirely negated.

The confines and content of the regulatory function of the state should be clearly defined in the Constitution in order to prevent high-handedness on the part of state organs and to create an atmosphere of confidence in the state on the part of entrepreneurs.

How to implement the principle of decentralization of power is a problem of a comprehensive nature which has caused considerable interest in the course of the discussion of the draft Constitution.

Great experience in solving this problem has been gained in the world, along with considerable national experience. We find elements of a self-government organization in Pylyp Orlyk's Constitution; the Constitution of the Ukrainian People's Republic envisaged the principle of extensive decentralization. In the draft new Constitution of Ukraine we have also drawn closer to solving the problem of the decentralization of power. However, we have not, perhaps, done it quite successfully, have not been able to ensure due clarity in establishing the structure of the organization of state executive power and self-government and their interaction.

In particular, the features of the formation of a democratic system from the bottom are not distinctly seen in the draft, whereas the impression of a strict, centralized system "from the top" is created.

All of this is integrally associated with the issues of the territorial structure of Ukraine, territorial government, and the regional policy of the state, which will be the subject of discussion at the scientific and applied conference "Current Issues of Territorial Government in Ukraine."

In essence, three versions of territorial structure are under discussion at present: unitary-centralized, unitary-decentralized, and federal. None of them negate democracy, but they do not rule out a totalitarian regime, either. Historic and national traditions, geographic conditions, and ethnic factors of the functioning of society, and the level of development of self-government are taken into account in opting for a particular version of territorial structure of the country.

At present, the unitary-decentralized type of territorial organization may be the most optimal for Ukraine, proceeding from world experience, as well as taking into account the entire set of conditions for the emergence of the Ukrainian state.

It ensures a reasonable level of the centralization of power and the proper independence of territories. Perhaps it is necessary to work further on the specific criterion of such "reasonableness," in particular, to search for arrangements for reflecting and pursuing the interests of oblasts, which should become the main centers for the implementation of the regional policy of the state.

There is yet another problem which attracts the most attention in the course of discussing the draft constitution. This has to do with the organization of power structures locally.

What conclusions should be drawn in this regard?

Perhaps, the term "regional self-government" should be abandoned, and oblast and rayon soviets should be granted the status of organs of regional representation (that is, representing in the soviets the interests of the population of the region in question—rayon, oblast); it should be considerably reinforced by means of delegating "from the top" certain normative powers with regard to issues set forth in the Law.

Second, two election laws should be developed and adopted: a law on elections to local representative organs at all levels and a law on the election of chairmen of the local organs of executive power at all levels (oblast, rayon, city, settlement, and rural) by the entire population of the territory in question, by direct and secret vote.

As we solve these problems we may experience certain difficulties. If the elections of chairmen by direct vote are held before the new Constitution is adopted, a situation of constitutional uncertainty for the structure of local organs may be created. Somewhat later, we will adopt a new Constitution which may incorporate quite different provisions. In this case, whether we like it or not, new elections will have to be held. Meanwhile, there are specific people involved in this. The regular, civilized path of the building of statehood and legal reforms makes defining constitutional principles concerning the organization of state power and local self-government a priority, and the formation of specific power structures proceeds from the above. However, the time and the situation dictate their conditions, and they will not be ignored.

Third, at present the concept is being vigorously discussed of granting the elected chairmen of the organs of executive power the status of representatives of the president in their jurisdictions. There is a rational element in this concept, and we may yet revisit it, but later. At present, when legal nihilism dominates, when there is no experience in reconciling regional and statewide interests under the conditions of democracy, when the economic reform is only picking up steam, it is necessary to have an effective mechanism for the prompt and purposeful implementation of general state policies. Local representatives of state executive power with functions similar to those of prefects in France, who essentially are the "guardians" of general state interests in regions, could become an element in this arrangement.

However, strong local executive power, which is controlled from the top and responsible to the center, should be preserved whatever the approach. This should be ensured regardless of whether representatives of the president are appointed by the president, or the powers of representatives of the president are delegated from the top to the chairman of the local executive organ elected by the population.

One more point. The Law should specify cases and circumstances under which an elected chairman (who is also a representative of the president) may be relieved from his position by the president of Ukraine. I repeat that these are my own reflections on possible scenarios for solving this quite difficult problem, rather than a directive. As I stress this, I believe that everyone should, first of all, think about the interests of the cause rather than his own position in the system of power.

Fourth, the status of large cities should be determined: for Kiev—the status of capital city, for Sevastopol—special status, and for "millionaire" cities—the status of cities reporting to the republic.

Fifth, interference by the state in issues which fall within the jurisdiction of self-government, representative organs should be forbidden. All issues in dispute should be resolved solely through the courts.

Following the example of foreign countries, a special service could be established at the state level, which could become the coordinator of actions in the matter of the organization of power in the center and locally, in order to solve problems which arise in the operation of the organs of state executive power and representative organs.

Sixth, in the course of additional work on Chapters IV and V of the draft Constitution, relevant provisions of the European Charter of Local Self-Government should be included with a view to raising the issue of officially joining it after the new Constitution is adopted.

Understandably, these notes are not exhaustive. They are aimed at eliminating duplication and contradictory elements in the operation of local representative and executive organs, and for this reason may be used in subsequent work on the draft Constitution.

Perhaps nobody doubts that the organization of the state mechanism on the principle of separation of powers should be one of the main principles of the Constitution of Ukraine. For more than two centuries now, the concept of separation of powers has been reflected in the theory and practice of democratic constitutionalism. As the authors of the French Declaration of the Rights of Man and Citizen stated in their time, "a society in which the exercise of rights is not ensured and the separation of powers has not been implemented does not have a Constitution."

Modern interpretations of the concept of separation of powers are primarily associated with the constitutional definition of the interrelationship of the supreme organs of state power. Their mutual balance is characteristic of this interrelationship. The principle of supremacy, or full power, of any of the supreme organs of power runs counter to the separation of powers. All of them are supposed to interact, balance, and complement one another. Such mutual relations among the supreme organs of power are facilitated by the mechanisms of "checks and balances," which are nothing other than constitutionally codified measures for mutual influence and control by various branches of power. The relevant "checks and balances" may be found in the main laws of virtually all democratic

countries of the world. We should note that the authors of the draft have used this experience in their work quite fully.

However, I would like to address one provision. At issue is the right of the president to suspensory veto. Under the conditions whereby this veto is overridden by the parliament by a simple majority vote it becomes meaningless even from the point of view of common sense, to say nothing about the performance of restraining functions. Traditionally a suspensory veto by the head of state is overridden by two-thirds of the votes of the members of parliament.

Only the people may be the source of power in a new Ukraine as a democratic, rule-of-law state. The draft Constitution codifies and develops this premise in setting forth the fundamentals of election law and other institutions of representative democracy. The combination of the institutions of direct and representative democracy, which is successful on the whole, is a favorable aspect of the draft.

If we agree that there should be a bicameral parliament, it is worthwhile to consider further the expediency of certain provisions in this chapter. For example, will the election of both chambers by way of direct vote and for the same term become a stable and rational foundation for the operation of the parliament? It may not. It would be more feasible for the Chamber of Deputies to be elected for a shorter term, for example two to three years. In this case there would be no need for a constitutional provision concerning the possible expression of no confidence in the chamber by way of a referendum. Based on its nature as an organ of territorial representation, the Chamber of Delegates could be formed by way of indirect elections by the members of the organs of local and regional self-government. This would, in a way, reinforce and enhance their role.

It would be worthwhile to consider whether it is feasible to transfer to the new Constitution of Ukraine provisions concerning the responsibility of deputies and delegates to their electorate in keeping with the formula of imperative mandate. As we know well, even previously this institution has not operated effectively here. In essence, it hampered the performance of the functions of deputies. Under the conditions of a transition to the operation of a parliament on a professional basis in Ukraine, we must sooner or later make a transition to a free mandate of deputies, too.

The example of democratic countries indicates that the role of representative organs in the actual performance of power functions directly depends on how strong and effective executive power is. The weakening of the organs of executive power, which certain politicians seek under pseudo-democratic slogans, may bring about the emergence of a crisis of power and even jeopardize the existence of our statehood. Democracy and strong executive power are quite compatible; their unity is embodied in direct elections of the head of state. The strength and authority of executive power and the effectiveness of its exercise also depend on the organizational system of its structuring and its ability to cooperate with legislative power. Apparently, along these very lines and primarily with a view to

improving cooperation between the organs of legislative and executive power, it is absolutely necessary to revisit the concept of introducing the position of vice president of Ukraine, who could simultaneously be chairman of the Chamber of Delegates.

The discussion of the draft Constitution has revealed certain differences of opinion with regard to the organization and exercise of judicial power.

First of all, this is the case with the issue of the independence of judicial power. It should be noted that the guarantees of its independence should be expanded; in addition, its personnel, material, and financial independence should be reinforced, as UN recommendations call for. It is hardly necessary to establish parliamentary control over the courts. However, this may upset the mutual balance of the organs of legislative and judicial power. For this reason, the Supreme Certification and Disciplinary Commission of Judges should have certainly been incorporated into the system of judicial rather than legislative power.

Considerations are also voiced to the effect that the draft Constitution provides for too many supreme courts—the Supreme Court, the High Economic Court, and the Constitutional Court of Ukraine. It has been proposed to combine these courts into one Supreme Court and create corresponding collegiums within it.

These proposals appear convincing if we proceed from the formal criteria of reducing the apparatus of state. However, if we proceed from the essence of the matter, we should first of all ask whether such a combination is possible from the point of view of the homogeneity of functions performed by these organs.

Clearly, the functions of the Supreme Court and the High Economic Court of Ukraine may be considered close in terms of their content. Their combination is quite permissible, especially if we note that, in the environment of a market economy, the nature of civil and economic disputes loses its still existing distinctions.

However, as far as the Constitutional Court of Ukraine is concerned, it is a specific state organ which, so to say, "tries laws." For now, this court is still being established as a separate institution of Ukrainian statehood. Its merger with other judicial organs may hinder the emergence of unique practices in the course of the accomplishment of its constitutional tasks.

Some disagree with the place assigned to prosecutors' offices in the system of state organs. In this regard, I would like to stress yet again: In consistently "materializing" the concept of separation of powers, the draft proceeds from the premise that there are not, nor should there be, state organs which operate outside, to say nothing of above, legislative, executive, or judicial power. The organs of prosecutors' offices are no exception either. The compilers of the draft Constitution attributed them to judicial power. This is completely logical. Prosecutors' offices are supposed to engage in the pretrial investigation of criminal

cases, support state prosecution in courts, oversee compliance with laws in incarceration facilities and in the course of the state using other coercive measures. The resumption of the functions of "general oversight" by prosecutors' offices would place them not only above other powers, but also above specific people, which would run counter to the very nature of the rule-of-law state and civic society.

In conclusion, I will say what I think about the future of the draft Constitution. The issue of the timing of its adoption is current. I think that in this matter we do not need to spur the horses on too much. However, the issue cannot be postponed until later either. I consider it necessary to adopt the constitution during the next year, using the draft discussed by the entire nation as the basis, and working on it diligently, taking into account all constructive remarks and proposals voiced during the discussion.

This effort may be carried on by the Constitutional Commission and permanent commissions of the Supreme Soviet of Ukraine. We should work in parallel on a package of constitutional laws; in this case, the new Constitution could take effect from the first day of its adoption.

Who should adopt the new Constitution and how is an equally important question. In this matter, we have quite a variety of considerations. Some are in favor of the current membership of the Supreme Soviet of Ukraine doing this; others are in favor of the new membership of the legislative organ adopting the Constitution; some are in favor of its adoption by the Constitutional Assembly or Constituent Convention. It is also proposed to adopt the Constitution by way of a referendum. Incidentally, the former is envisaged by the Law on All-Ukrainian and Local Referendums. Each of these ideas has a right to life. However, we should take the most feasible path.

The adoption of the Constitution will become a prominent event in the public and political life of Ukraine. Only fundamental and structural changes in a society on the path to democracy, only the permanent reformist orientation of state power, only the persistent creative work of each citizen will ensure the actual implementation of the provisions of the Main Law.

Let us heed the thought of Mykhaylo Hrushevskyy: "It is more important to make history well than to write it nicely. A good constitution is more valuable than a brilliant poem..." What place the new Constitution of Ukraine will take in our national library depends on each one of us.

Kravchuk Adviser Appointees Named

Science Adviser Named

AU1911191392 Kiev HOLOS UKRAYINY in Ukrainian
14 Nov 92 p 3

["Ukrainian Presidential Edict on Ukraine's Presidential Adviser for Questions of Science and Chairman of Ukraine's Presidential Commission for Questions of Science" issued in Kiev on 7 November]

[Text] To appoint Yemelyanov, Oleksandr Serhiyovych, as Ukraine's presidential adviser for questions of science and chairman of Ukraine's Presidential Commission for Questions of Science.

The chairman of the Commission for Questions of Science must submit Draft Regulations on Ukraine's Presidential Commission for Questions of Science and proposals for its composition.

[Signed] L. Kravchuk, Ukraine's president
Kiev, 7 November 1992

Adviser for Sociopolitical Questions Appointed

AU1911190992 Kiev HOLOS UKRAYINY in Ukrainian
14 Nov 92 p 3

["Ukrainian Presidential Edict on Ukraine's Presidential Adviser for Sociopolitical Questions" issued in Kiev on 7 November]

[Text] To appoint Symonenko, Valentyn Kostyantynovych, as Ukraine's presidential adviser for sociopolitical questions.

[Signed] L. Kravchuk, Ukraine's president
Kiev, 7 November 1992

Adviser for Political, Legal Questions Designated

AU2011090692 Kiev HOLOS UKRAYINY in Ukrainian
14 Nov 92 p 3

["Ukrainian Presidential Edict on Ukraine's Presidential Adviser for Political and Legal Questions and Head of Ukraine's Presidential Commission for Political and Legal Questions" issued on 7 November]

[Text] Yemets, Oleksandr Ivanovych, is hereby appointed presidential adviser for political and legal questions and head of Ukraine's Presidential Commission for Political and Legal Questions.

The head of the Commission for Political and Legal Questions shall submit draft Regulations on Ukraine's Presidential Commission for Political and Legal Questions and proposals with regard to its composition.

[Signed] L. Kravchuk, president of Ukraine
Kiev, 7 November 1992

Adviser for External Economic Ties Appointed

AU2011090392 Kiev HOLOS UKRAYINY in Ukrainian
14 Nov 92 p 3

["Ukrainian Presidential Edict appointing Ukraine's Presidential Adviser for External Economic Questions and Head of the Commission for Ties With International Financial Institutions and Control Over External Economic Activity" issued on 7 November]

[Text] Slyepichev, Oleh Ivanovych, is hereby appointed Ukraine's presidential adviser for external economic questions and head of Ukraine's Presidential Commission for Ties With International Financial Institutions and Control Over External Economic Activity.

The head of the Commission for Ties With International Financial Institutions and Control Over External Economic Activity shall submit draft regulations on Ukraine's Presidential Commission for Ties With International Financial Institutions and Control Over External Economic Activity and proposals with regard to its composition.

[Signed] L. Kravchuk, Ukraine's president
Kiev, 7 November 1992

Rise of Ultrationalism Chronicled

93UN0291A Moscow KOMSOMOLSKAYA PRAVDA
in Russian 11 Nov 92 p 3

[Article by correspondent S. Romanyuk: "We Have Not Had This Kind of a Frost Here for a Long Time"]

[Text] A new political leader has appeared on the horizon in Ukraine—political refugee Valentin Moroz [Frost]

Stalwart young men in uniform with a somewhat modified swastika on their sleeves went on the attack. Strong doors fell in an instant, glass flew out, and the vestibule was filled with the pungent smell of Cheremukha [riot gas agent]. The guard detail, consisting of a number of municipal militiamen, yielded without resistance.

The Social Nationalists seized the headquarters of the Lvov board of Rukh [Ukrainian People's Movement for Perestroika] in several minutes. Resistance was useless. The conference of the kray leadership of Rukh, which was about to be convened, dissolved itself. Vyacheslav Chornovil, the leader of the republic's Rukh movement, who came to the meeting of the Lvov Rukh members, tried to call everyone to their senses and order, but the crowd muffled his words:

"Get! Hanba!"

This was almost the first time since those memorable days of the post-Brezhnev thaw that the words "Away! Shame!" were yelled at him in the city that he considered his native home.

Either the world has turned upside down. Or this should have been expected.

We will write: Lvov. The end of October. A nationalist coup in Rukh.

...HE came to politics, sincere, frank, and somewhat naive.

He was one of those cranks who put themselves in jail. Yesterday's Komsomol [All-Union Leninist Communist Youth League] organizer and journalist to whom nothing of this kind had happened suddenly comes into a courtroom to a political case and instead of furnishing eyewitness testimony presents flowers to the accused.

In the dock were the 60-year old brothers Goryn and Mikhail Osadchiy. Of course, they were jailed. Afterwards, he was also, Chornovil. Among the political convicts, he served 15 years from bell to bell.

There, in the zone, he was reputed to be the "zek [political convict] general." His former cell mate, Mikhail Heifitz, who is now a citizen of Israel, published a book with that title."

After returning to Ukraine with the first rays of Gorbachev's perestroika, Chornovil undertook such impetuous activity that following several months he became almost the most notable political figure in more than just Galitskiy Kray. During multithousand Lvov rallies at that time, people "were going to see Chornovil," as soccer fans go to see Maradon or Gullit. He captivated the street and came to power. Ninety percent of the Lvov residents voted for him during the parliamentary elections. The deputies of the oblast soviet of people's deputies elected him their chairman. Soon, he put forth his candidacy for the post of president. But his eternal rival became president, the more subtle and refined politician Leonid Kravchuk. For a certain time, Chornovil's pride was gratified by the symbolic hetman mace (Ukrainian Cossacks elected him the successor of Khmelnytskyi and Mazepa according to the laws of the 17th Century). Understanding the operetta-like quality of the "position," Mr. Vyacheslav relinquished his authority and transferred it to General Mulrava, who is in charge of educational work in the Ukrainian forces. Until the new times, he was simply the chief of the political directorate.

In the meantime, Chornovil remained at the helm of the People's Movement of Ukraine. But from a powerful organization and one that at times stirred up the republic to its very ends, Rukh is turning into a poorly managed amorphous structure without a clear program and visible objectives. Chornovil spoiled Rukh. This is the truth. He ignored some of the postulates of the political game, and he recklessly and prematurely showed the movement's cards.

As early as the winter of the past year, when he came to power, President Kravchuk publicly declared that Rukh is the only political organization in Ukraine that possessed a concept for the construction of an independent state. And, therefore, he will count on it. Chornovil perceived this statement as another challenge from Kravchuk, and he attempted to transform the movement into a force that was in opposition to presidential authority. However, he did not go further than general declarations and vehement personal anti-Kravchuk attacks.

The president himself assessed the situation far more soberly, having learned the science of similar apparat games, while holding various party positions at a time when Chornovil was walking barefoot over the Siberian snow. Kravchuk said farewell to Rukh without regret, and he established the national-democratic forces of Ukraine in a hastily organized congress. The structure of the new movement (and this specifically is a movement established as a counterweight to Rukh, but not a party) was made up of forces that were loyal to the president and that just yesterday represented the brains and intellect of Rukh.

The president had no troubles with congress: When the president says "it is necessary," congress will not look long for an answer.

Starting in July, Kravchuk stopped taking Rukh into consideration altogether. The fight of Chornovil's supporters with "Ukrainian totalitarianism," whose tendency comes from presidential authority and from the draft of the new constitution, became similar to a fight with windmills, and Ukrainians acquired their own Don Quixote not only in literature, but in politics as well.

Vyacheslav Chornovil is not an ordinary person. To reproach him for anti-Ukrainian ideas is more sinful than reproaching Christ for holiness. Indeed 15 years of prison for an idea says something. But even at the height of political glory, acquiring admirers throughout Ukraine, he—a registered Lvov resident—remained an Eastern Ukrainian here and in the West. This paradoxical finding requires clarification.

The theory of "two Ukrainian nations" is not new, but it has always not been officially recognized. Under the Communists, the command "align yourselves to the East" was sustained, and now everyone is directed to look "to the West."

But, in the meantime, the people, speaking the same language and giving the same excellent treatment to tasty dumplings, for example, in Lvov and Chernigov, are rather substantially different from each other. Both in the way of thinking and in character, and according to many other signs that scientists—Marxist and non-Marxist—call fundamental features in determining ethnic concepts. That is the way history was written, and as part of human memory, it is in the blood of all of us. Pseudoscientifically, it is called mentality.

Galician Ukraine developed as an independent region from the time of Prince Daniil. Alternately being a part of states warring with Russia, this land could not remain outside the influence of foreign cultures, customs, and traditions.

The interests of Russia, and then also of the Soviet Union, to which, since the time of Bohdan Khmelnytskyi, the eastern Ukrainian lands belonged, were in bellicose opposition to the interests of western neighbors. Conflicts were resolved in bloody battles. Galician soldiers were fighting and dying on the side of Poland and Austria. Their adversaries were not only pure-blooded "Moskals" [hateful Russians], but also the descendants of the Zaporozhye Cossacks from the Dniester region. History arranged things in such a way that the bloodiest battles took place right there, in Galicia.

The nationalist underground of the 1940's and the 1950's, after shedding the communist curse, was held high as a model of national patriotism. And no one was concerned during this terrible and fratricidal war, which lasted another 10 years after the capitulation of German fascism, that Ukrainians from both sides were dying. Primarily Ukrainians. The Stalinist regime dispatched regiments, formed mainly in the eastern oblasts of the republic, to suppress the Bandera followers.

Cases when a brother killed a brother in a most direct way will be cited for you in any Carpathian or Volynian village.

And this is the memory of the people. It is the most tenacious, for it is in the subconscious. The Galician nationalists even today cannot forgive their eastern brothers the fact that they are different. That they have different enemies and friends. That they are sharing bread and salt with the "Moskals."

The Galician nationalists cannot forgive Chornovil his cautiously objective assessment of the OUN-UPA [Association of Ukrainian Nationalists-Ukrainian Insurgent Army] in World War II and rejection of their terrorist methods of struggle under contemporary conditions. A struggle that is doomed to self-destruction.

Lvov, which at one time was aptly called the Ukrainian Piemonte by local newsmen, is assuredly losing the image of a democratic state. For a long time here, democracy was confused with ordinary anticommunism. The nationalistic coup in the kray leadership of Rukh only confirms this conclusion. After the pogrom of the kray council of Rukh by the Social Nationalists, Chornovil spoke on oblast television. He tried to be calm and indifferent, but he did this poorly. He attacked Valentin Moroz, the new leader of the Ukrainian nationalists, with disparaging criticism, and he read out a decision of the republican leadership of the NDU [People's Movement of Ukraine] about excluding "putschists" from the movement, but it was guessed rightly that Rukh lost the battle with the nationalists in Lvov.

Soon after, supporters of Valentin Moroz made statements from the very same screen. Power passed to them.

The situation is banal and was predictable. The conspiracy was not of an incidental nature. The lower echelons of Rukh revolted. The chairmen of the movement's cells in the localities, which successfully replaced the former party committees, in some cases settled in the very same offices. Seeing the confusion and vacillation in the central committee, pardon me, in the leadership, the solution to the crisis was seen in a transition of the movement to a platform of militant nationalism.

The nationalists of the Lvov region feel confident. They went through a certain path of organizational formation and, with Bolshevik plain dealing, they screened out those who were unsuitable or who vacillated. At first the movement consisted of a small group of enthusiasts headed by Oleg Vitovich, an oblast deputy. Later, a group of small organizations, calling themselves parties and associations in the Ukrainian National Assembly, was organized. Yuriy Shukhevich, a purely symbolic person, was entrusted to manage the association. He is well-known only because he was imprisoned for almost 30 years because his father, General Chuprik, was a companion-in-arms of Stepan Bandera.

Shukhevich, who was an old man, was freed after losing his sight. At rallies, he walks around with his guide. There was nothing left of this person but hatred. Was this wise?

The number of nationalistic organs has increased recently. Detachments of Ukrainian National Self-Defense Forces, which emerged on the basis of the Ukrainian Nationalist

Union, were tested in battles in the Dniester region. No one can explain exactly on whose side they fought.

UNSO [Ukrainian National Self-Defense Forces] also distinguished itself on the internal front. In May its fighters disrupted the official holiday commemorating the end of World War II, they chased the presidential representative and the cream of the oblast Soviet from the rostrum, and shoved the front fighters aside. In the summer they beat up a people's deputy and editor of a local newspaper. They visited the Crimea and Odessa, after which anti-Ukrainian attitudes were activated there. Recently, they declared a recruitment into the detachments of girls from 17 to 30 years of age, and preference is being given to sports women who engage in single combat and shooting sports.

The nationalists did not have a prestigious leader who was able to lead along the path of "battles and victories." Neither Vitovich, nor Shukhevich, nor anyone from among their group was suitable for this role. But then Valentin Moroz, a former political refugee, appeared on the political horizon, became an honorary citizen of Lvov, and surfaced old claims. An educated person, a subtle psychologist, and a professional historian, he successfully and in a timely way strummed his strings in the ensemble of political passions.

He has already become a leader. This is the way the Ukrainian word "providnik" is translated.

But leaders utter only ultimate truths, to which we have become accustomed. "Ukraine above all," says Mr. Moroz, "Ukraine for Ukrainians."

As for the law, Mr. Professor has his own views: He simply does not recognize it. And he declares this officially. For Moroz, the time has come for the triumph of ideas, and not of laws.

In the academic world, all of this is called integral nationalism and the ideology of totalitarianism. Ukrainian foreign historiography condemns such nationalism and equates it to fascism. But the masses do not read foreign or native historians. They read cheap newspapers, and they go to enlightening rallies.

And here comes Mr. Moroz and says:

"We will give the people bread!"

Do you remember how the Bolsheviks started?

The attraction of nationalism is in the revolutionary phrase. In the lumpen environment, it is perceived as a synonym for patriotism. No one there even takes it into his head to doubt anything. There are die-hard revolutionaries there for whom everything, except the loud phrase, is not worth a damn. Just wreck and wreck...

A middle-aged woman, who by the irony of fate ended up at one of the news conferences, inquired with childlike naivete: "But what is bad about nationalism, if it is against 'Moskals'?" During one of his public lectures, Valentin Moroz also called the Japanese... partners of the Ukrainian

nationalists (if they only heard). But all of this only because there is no Zionism, "the eternal enemy of the Ukrainian people," on those distant islands.

Integral nationalism is the official ideology of the extreme-right Ukrainian parties, and it is inclined toward the center. The basic organization of the People's Movement of Ukraine is the Lvov leadership of Rukh—more than half proved to be at the mercy of this ideology. While at one time the brilliant work of social protection of the worker led to the merciless dictatorship of the proletariat, now the problems of the nation have been raised above the interests of civil society.

Integral nationalism, as an ideology of national dictatorship, is the same as any other totalitarian doctrine, and it has nothing in common with the problems of the nation. It is not interested in either the culture, the education, or the future of the people. Integral nationalism is only a means in the struggle for power.

The power structures of Ukraine are undergoing a profound crisis. It seems that the Supreme Soviet is living its last months: Signatures are being collected for the conduct of a referendum on the dissolution of parliament, and it can be confirmed with a degree of probability that this campaign will be a success. Parliament has long been a bone in the craw not only of rightist, but also of leftist parties and movements.

It is not difficult to surmise that new elections will lead to even more polarization of political forces. The victory of the nationalists in the western region is real: The people are disappointed in the capabilities of the National Democrats, but they will not support the socialists because of their pro-Moscow policy. In the eastern oblasts, the socialist party will achieve a majority in its favor without any particular difficulty. What is more interesting: Both the socialists and the nationalists promise the very same thing: bread, equality, and justice. They promise to put an end to the mafia, not to permit unemployment, and to keep the market in check. It has reached the point that the Communists and nationalists in Lvov walk in the same column in the streets, and they picket the building of the oblast administration together.

But, meanwhile, these Ukrainian politicians dream of the threat from the east. The fears are not groundless—after all it is not difficult to imagine the actions of the aforementioned National Salvation Front. Russian nationalism as executed by Albert Makashov does not differ in any way from the ideology of Valentin Moroz. Once in the 20th Century, similar regimes clashed in Europe.

...Two years ago during one of the meetings with voters, Vyacheslav Chornovil was asked what he would do, if a dictatorship reigned once again in Ukraine. Half-joking, he replied:

"It is very likely that I will end up in prison, because of my democratic convictions."

Today, it is no longer possible to answer this question half in jest.

But, today, these same people are yelling at him:

"Away! Shame!"

It is late autumn outside. There are cold rains, and the sky is cloudy. The frost [moroz] is approaching and will come in sight soon. Apparently, as early as this winter.

And at This Time

Clashes between youths and the militia occurred in Lvov on 7 November. As RIA reports, representatives of the city administration and activists of the radical organization Ukrainian National Self-Defense Forces (UNSO) wanted to burn the flags of the USSR and Russia in the center of the city. An attempt was made to dissuade them from this action; however, the young radicals, armed with clubs, attacked the crowd, and afterwards engaged in a skirmish with a militia patrol. A group of UNSO activists, headed by Oleg Vitovich, a deputy of the Lvov Oblast Soviet, was detained.

TU Leader Warns of Effect of 'Cruel' Bill

AU2311093292 Kiev MOLOD UKRAYINY
in Ukrainian 13 Nov 92 p 1

[Interview with Ihor Shvets, deputy chairman of the All-Ukrainian Association of Working Peoples' Solidarity [VOST], by Volodymyr Oliynyk; first paragraph is editorial introduction; place and date not given: "Strike Activity Will Decline Toward Winter"]

[Text] ...this is the opinion of Ihor Shvets, deputy chairman of the All-Ukrainian Association of Working Peoples' Solidarity, who agreed to comment upon the recent statement by Ukraine's trade union associations and the statement by the VOST trade unions association concerning the bill "On the Procedure for Resolving Collective Labor Disputes and Conflicts." At the same time, he declared that VOST will probably join the action by the trade unions associations with regard to holding a one-hour strike on 16 November.

However paradoxical it may sound, the Supreme Council has probably again made a serious blunder, having discussed, at its plenary session at the end of October, the aforementioned bill at second reading. Knowing that trade unions do not possess the right of legislative initiative, the deputy corps ignored the warnings of the small trade-unions lobby in Ukraine's parliament. Without any special ceremonies and, of course, without consultations with trade union leaders, it decided to pass the bill that provides for resorting to the lockout.

[Oliynyk] Pan [Mr.] Ihor, at present, there is much talk about restraint and consolidation of all forces for building Ukraine as an independent state. All trade unions are again in opposition, this time to the new government and to that same Supreme Council. What is the matter?

[Shvets] Having analyzed this bill, we arrived at the conclusion that it is more cruel and its consequences are less predictable than in the former Union.

First, the Union law did not have an article on the use of the lockout, which enables owners of enterprises to throw

people out into the street in accordance with the law. Now, when privatization is near at hand, those who have the necessary means [mozhnovladtsi—a neologism] may, for example, be tempted to provoke a strike situation or a conflict at an enterprise and, in such a way, having dismissed the collective, lay their hands ["prykhvatyzuvaty"] on the plant, factory, or some other profitable business.

Second, there is an article in the bill that forbids workers in power engineering, transport, and other related branches to resolve their points of conflict with the aid of strikes. This is in contradiction not only with the Universal Declaration on Human Rights, but also with the regulations of Convention No. 111 of the Interbranch Association of Trade Unions that was, incidentally, ratified by Ukraine's Supreme Council. It follows that our working people no longer have the right to resolve their problems in the way that this is done all over the world.

Third, this is a ban on political strikes, something that is inadmissible and even very dangerous. For example, under certain conditions, a dictatorial grouping may come to power in Ukraine, or some person or a party may usurp power. In one way or another, all of this will even more adversely affect the working peoples' standard of living. The citizens' social and political rights will be limited. In that case, how will people resolve sociopolitical problems? It turns out that it may only be done with the help of weapons, because political strikes will be banned.

[Oliynyk] Judging by their statements, both VOST and trade unions associations are holding Ukraine's Supreme Council responsible for adopting such a law. Do you not believe in progressive amendments?

[Shvets] I do not claim that I am saying something original, but trade unions have long given up believing in the parliament and in its constructiveness. Nor do we pin any hopes upon the newly created government, despite the fact that many people in it are advocates of Ukraine's rebirth. It is up to the young generation to build a new Ukraine. Unfortunately, this is not the case.

[Oliynyk] What is your prediction for the strike situation during the last months of the year?

[Shvets] By the end of the year, strike activity will be declining. This is mainly due to peoples' apathy and also to their fear. It is particularly frightening today to lose one's job—staff reductions are very popular now.

[Oliynyk] Do you have specific examples?

[Shvets] Heads of newly created trade unions, for example, at the Kiev Tobacco Factory and at the "Leninska Kuznya [smithy]" Plant were immediately dismissed on grounds of redundancy. Of course, we defended them, and through the court our lawyers restored them in their jobs. However, this is an alarming symptom. Not to mention the periphery, where people generally tend to keep their mouths shut.

[Oliynyk] It is known that VOST, like other independent trade unions of Ukraine have always proposed an alternative, even when it concluded temporary agreements with the government after the strikes. How are things today?

[Shvets] Today, too, we are not idle. Professor Oleksandr Savchenko has elaborated a program for radical economic reforms, a program that analyzes the critical situation in Ukraine, regarding the peoples' well-being and social guarantees as the cornerstone, and proposes ways of stabilizing the economy. What is meant is the liberalization of prices, competition, the reform of the financial, budgetary, banking, and monetary systems, the restructuring of the external economic activity, the privatization and corporatization of state property.

[Oliynyk] Could you give a brief picture of the alignment of forces in Ukraine's independent trade unions?

[Shvets] If membership is considered to be a criterion, then, of course, the Federation of Ukraine's Trade Unions occupies the first place. It is true, though, that here there are many mutually exclusive aspects and nuances. For example, not a single member of the Federation has ever applied to join it, whereas the leaders of Ukraine's Trade Unions Federation assert that the federation unites more than 20 million people. Even though the federation has not declared itself as a successor to party trade unions, everything looks precisely that way.

[Then there follow] influential trade unions of the Association of Civil Aviation Pilots, the Federation of Trade Unions of Ukraine's Air Controllers, and the trade union of engineers and technicians of Ukraine's aviation enterprises.

The Independent Trade Union of Ukraine's Miners is, of course, particularly determined and active. As regards VOST, we have 50,000 registered members alone.

[Oliynyk] The question of a pessimist. If all the planned actions fail, what will you do in the future?

[Shvets] We came out and will continue to come out in favor of immediately dissolving the parliament and holding new elections, and if the bill is approved, we will not stop our actions and will proceed from international law.

ECONOMIC AFFAIRS

Pynzenyk's First Address to Parliament

93UN0295A Kiev NEZAVISIMOST in Russian
31 Oct 92 pp 1-2

[Article by L. Khazan in the "Parliamentary Diary" column: "To Where Has Our Money Run Away?"]

[Text] On 29 October, Viktor Pynzenyk, a new deputy prime minister and minister of the economy, had his debut.

Let us say frankly that information on a joint meeting of permanent commissions of the Supreme Soviet is not of the kind that is pleasing to the ear. Responding to an inquiry by deputies concerning social welfare for the low-income, which was submitted to the brand-new Cabinet of Ministers, Viktor Pynzenyk stated firmly: At present, it is not possible to increase the minimum wage. He asked for a delay until mid-November.

Viktor Pynzenyk said: "An emergency, catastrophic situation has developed in the economy. Our industry is on the brink of coming to a halt because of the discontinuation of energy deliveries."

We cannot say that this came as a complete surprise. However, nobody has uttered words as sacrilegious out-loud so far.

What has happened? Why have we fallen out of favor with Russia, whose hand, that of a master, our national democrats bite with ever greater ferocity as they distinctly understand that there is nothing we can do without it?

Viktor Pynzenyk attributes the discontinuation of energy deliveries to an astronomic debt to Russian enterprises which has snowballed in minutes rather than days. By the beginning of September, this debt came to 16.1 billion rubles [R], and by the beginning of October, it reached R111.9 billion.

On the day of 22 October, we worked as usual at our positions, and did not even suspect that our debt to the neighbor soared by another R10 billion. By 27 October, it was up to R127 billion.

Why is money running away from Ukraine? The minister of economy thinks as follows:

"In our country, prices are considerably higher than in Russia. Quite justifiably, Russia does not want to give us goods in exchange for hollow credit rubles. We have drowned Russia in rubles, thus actually blocking Ukrainian exports to Russia. All of this happened as a result of making unwise decisions concerning credit."

Global cataclysms are grasped best through an elementary understanding: It is quite likely that tomorrow there will be nothing to eat and nothing with which to heat buildings. This is why, if the minimum wage is to be raised now, this will have to be done through the emission of credit yet again. This means a new cycle of inflation and the ultimate blockage of Ukrainian exports to Russia, which will completely discontinue any and all deliveries to us; this will entail the collapse of production.

During these days, Prime Minister Leonid Kuchma and Chairman of the National Bank Vadim Hetman have been taking part in negotiations with the Russian Government concerning the extension of technical credit to Ukraine in the amount of R100 billion. The most necessary deliveries, primarily those of energy, will be ensured with this amount. In addition, a decision is being prepared on immediately ceasing to drown Russia in unreal money. This will make it possible to energize and even enhance trade in goods between our states. Only after that will it become possible to resolve the issue of social guarantees for the population. It is not ruled out that the minimum wage and retirement benefit will be increased retroactively, effective 1 November.

Having heard the report, some deputies raised the issue point blank: From which actions by what officials have these difficult times for our economy resulted? Viktor Pynzenyk avoided answering this by saying that a search

for culprits would deprive the government of an opportunity to engage in constructive actions in order to overcome the crisis.

A few days ago, Leonid Kuchma also avoided answering a question about specific culprits, immediately after making a sensational report on "crude oil abuses" on a particularly large scale and stating, for all to hear, that a fifth power, that of the mafia, exists. Is this to say that, by accentuating problems which it has run into, the new government wants to deflect a blow which their predecessors were meant to take, while at the same time not naming their names or, which is more likely, the names of their patrons?

Chinese Ambassador Comments on Trade Relations With Ukraine

93UN0295B Kiev PRAVDA UKRAINY in Russian
28 Oct 92 p 3

[Interview with Zhang Zhen, ambassador extraordinary and plenipotentiary of the People's Republic of China to Ukraine, by Yuriy Ovsyannikov, in the column "The Diplomatic Corps in Person"; in Kiev, date not given: "'Contacts Between China and Ukraine Are Picking Up Steam in All Areas,' Said Zhang Zhen, Ambassador Extraordinary and Plenipotentiary of the People's Republic of China to Ukraine, Responding to Questions From Our Correspondent"]

[Text] We happened to talk to Mr. Zhang Zhen precisely on the eve of his departure to Beijing. This trip of his is not quite ordinary though, as the saying goes, it is devoted to current official business.

The point is that the head of the diplomatic mission to Ukraine will be among the Chinese officials who are to greet and accompany President Leonid Kravchuk during his official visit to the People's Republic of China.

In the beginning of our conversation, I asked the ambassador to characterize the forthcoming event. My interlocutor answered in particular:

[Zhang] Our entire country and all of our people are awaiting the president of Ukraine. A visit by Leonid Makarovych Kravchuk is scheduled for the end of October and beginning of November of this year. All of us hope that negotiations and meetings on the soil of China will be crowned by the signing of a number of significant documents which will extend to most varied areas of relations between our peoples and our states. For example, important agreements in the area of trade and economics are expected.

The signs of our mutually useful rapprochement are many. For example, preparatory efforts are underway for Kiev and Beijing to become sister cities.

[Ovsyannikov] Several days ago, you opened in Kiev an exhibition presenting nine commercial and industrial companies of Wuhan, the seat of Hubei Province. Please tell us in more detail about this exhibition, and also about its significance in the aspect of economic contacts between our countries.

[Zhang] Wuhan is one of the largest cities in the PRC which maintains direct business relations with many foreign partners. It is known for products of both its heavy and light industries.

The display mounted in Kiev reflects the striving of our foreign trade representatives to learn more about the Ukrainian market and give your potential consumers a clearer idea of Chinese offerings. These are various consumer goods, household objects, electronic products, foodstuffs, and products of folk crafts.

It makes sense for businessmen from China and Ukraine to meet more frequently. After all, your republic, in turn, has much that is of practical interest for Chinese businessmen and specialists from industrial circles. Ukraine is known in member countries of the CIS for its accomplishments in heavy industry and metallurgy... A number of your production statistics measure up to the standards of the world.

Of course, all of this is important for the pace of advancement and progress in the volume of Chinese-Ukrainian commercial operations, including those based on barter. To be sure, we would like to see the pertinent legislation of your country become more perfect.

[Ovsyannikov] What is the volume of trade at present?

[Zhang] In the first half of this year, it was estimated to amount to approximately \$50 million. Although efforts by the parties were required to arrive even at that, the current level in and of itself testifies to the rather great and still untapped potential for trade, said Zhang Zhen. In a broader context, he added:

In general, good prerequisites exist for our economies to complement each other in a more useful manner.

[Ovsyannikov] What is your assessment of the political aspect of relations between Ukraine and China?

[Zhang] It should be recalled that relations between China and the former USSR, in its time, were effected through Ukraine to a very great degree. The Soviet Union does not exist now. However, the good that there was in our relations, which are rooted in the years of the emergence of a new China, is not forgotten; it remains.

Of course, relations are now structured in a contemporary context. Ukraine has proclaimed its independence. We believe that the independence of the Ukrainian state is an irreversible fact of history, all the complications which it is facing now notwithstanding.

China was among the first to establish diplomatic relations with your young state. We proceed from the fact that the maintenance of full-fledged relations between Ukraine and China has worldwide significance, and we value the emerging new mutual relations.

[Ovsyannikov] At present, the PRC is among the states considered well-to-do in terms of the availability of foodstuffs to the population. We would be interested to know your point of view on what facilitated the resolution of the acute issue of foodstuffs in China.

[correspondent's note] In responding to this question, Zhang Zhen painted the following picture. In People's China, with its population of over 1 billion, and an annual increment of approximately 16 million, the task of supplying foodstuffs for the population is certainly a priority. They attained the current favorable situation gradually. However, the necessary economic results in rural areas have been achieved in a particularly tangible way in the last 10 years.

[Ovsyannikov] What has worked out in this instance as the main principle of the implemented reforms?

[correspondent's note] In drawing a parallel with the now former socialist countries of Eastern Europe, as well as the Soviet Union, my interlocutor observed:

[Zhang] In these former socialist countries, people were accustomed to act only on instructions, in keeping with directives from the top. This also predetermined the generally low productivity of agriculture. Meanwhile, in People's China, we ultimately succeeded in allowing room for the use of genuine enterprise of the peasants, the main producers of foodstuffs which are used in the country.

[correspondent's note] In the words of the ambassador, most varied forms of organization of labor operate successfully in the modern-day countryside of China. For example, contract, family farm practices have struck root on a broad scale.

[Zhang] Once again, the people make their choice themselves in the process. The Communist Party imposes no restrictions in this regard.

[Ovsyannikov] I will now ask you to address the daily business of the embassy... What is the place of the Ukrainian press in your work? Are there publications whose articles you perhaps familiarize yourself with more often than with those of others?

[Zhang] Perhaps every diplomat happens to pay attention, to some degree, to familiarizing himself with the press of the country of his stationing in order to know the situation. It is hardly possible to "dig into" all publications. Personally, I happen to read GOLOS UKRAINY and PRAVDA UKRAINY most often.

So it is. We would also like to establish close contacts with the Ukrainian mass media so that the inhabitants of Ukraine will be able to learn more about life in China through them.

[Ovsyannikov] As just a citizen rather than a diplomat, could you state what might be useful for the situation in Ukraine to become more stable?

[Zhang] It is my personal conviction that only one thing is capable of sustaining stability in a society; namely, it is necessary to ensure the due pace of economic development. Unfortunately, the economy of the Ukraine is now in a decline.

This is a reality. However, at the same time I may allow myself to express confidence that Ukraine will overcome a string of current difficulties when appropriate arrangements are made.

[Ovsyannikov] You have a formidable command of the Russian language. Have you studied it on a specialized basis?

[Zhang] In my time, I studied at the Shanghai Institute of Foreign Languages. I studied the Russian language there. I was training to become a translator. After the institute, I ended up at the Ministry of Foreign Affairs of China. I have been in this organization since... Now I work in Kiev.

[Ovsyannikov] How are you settling in here?

[Zhang] You know, before Kiev I worked in the Embassy of China in Moscow, and subsequently in the General Consulate in St. Petersburg. I happened to visit your capital city repeatedly and experienced the hospitality of Kievans. My wife and I have many close acquaintances and friends here.

In parting, Zhang Zhen said:

[Zhang] Kiev and my native Shanghai are brought together by similar circumstances: Downtown is beautiful and impressive, and adjacent new communities are being rapidly developed...

Taking advantage of this opportunity, I would like to convey, through your newspaper, my heartfelt greetings to Kievans, as well as all readers of PRAVDA UKRAINY, and wish them success.

[Ovsyannikov] Mr. Ambassador, we will respond to your wish with pleasure.

INTERNATIONAL AFFAIRS

NATO Commander Shalikishvili Visits Kiev

93P50020A Moscow NEZAVISIMAYA GAZETA
in Russian 17 Nov 92 p 3

["NEGA Reports: Ukraine"]

[Text] An official NATO delegation headed by Gen John Shalikashvili, the new supreme commander of the North Atlantic bloc's joint armed forces in Europe and of U.S. armed forces in Europe, is in Kiev.

In the words of Col-Gen Konstantin Morozov, defense minister of Ukraine, during the NATO delegation's visit to Kiev a plan for "joint action in questions of defense sufficiency and reforming armed forces structures" will be offered for consideration. "Good relations between states," said the defense minister, "are the best guarantee of their security."

J. Shalikashvili told Ukrainian journalists that he considers the visit's most important task to be the establishment of open relations and joint action between NATO's military leadership and Ukraine. "I think that his visit will strengthen the friendship between Ukraine and NATO," J. Shalikashvili summed up.

TURKMENISTAN

Niyazov on New Prices, Social Protection

93US0096C Ashgabat TURKMENSKAYA ISKRA
in Russian 5 Oct 92 pp 1-2

[Unattributed report on speech by S.A. Niyazov at a meeting of the Turkmenistan Majlis: "The Well-Being of the People Is Our Highest Goal"]

[Text] With Turkmenistan's acquisition of true sovereignty a new period has started in the history of the Turkmen people, a period of creative work. The establishment of statehood coincided with a profound crisis that is affecting all parts of the economy, caused by the previous system, which had exhausted its possibilities. Dealing with this crisis by switching as quickly as possible to market levers in the management of the economy is the most important task that the government of Turkmenistan faces today.

The price liberalization for most goods was an important stage in establishing market relations. The price liberalization, accompanied by price increases, required that a broad range of measures be implemented to provide social protection for the population, particularly for the socially vulnerable groups—pensioners, students, single mothers, large families, and others. The price increases resulted mainly from the need to buy products in Russia and other states. Twice this year the government has raised the minimum wage, to 350 rubles [R] in January and R750 in July.

This increase, however, raised the living minimum only 31 percent, and this in turn led to reduced purchases of cultural and everyday goods by unskilled workers, pensioners, the disabled, students, and large families. The family budget for many of Turkmenistan's inhabitants all goes for food. Consumption of bakery products and cereals has risen.

During the period since August 1991 the price index has risen more rapidly than the population's incomes. Prices have risen by a factor of 7.8 while the figure for incomes is 5.8.

In order to prevent a decline in the population's living standard it is necessary to raise the minimum wage to R1,600. The sizes of pensions, and benefits and grants for students are being correspondingly increased. Calculated against three months in 1992, workers and employees need additional wages of R13.264 billion, including R3.502 billion for budget-funded organizations.

Salaries and wages for workers in the nonproduction sectors that are funded from the budget will increase overall by a factor of 2.4, including by a factor of 2.5 for workers in education, housing and the municipal economy, public health, physical culture, and social security, by a factor of 2.6 for those in culture and the arts, and by a factor of 2.8 for those in the lumber industry.

This decision has been dictated by the fact that because of the low level of wages, many highly skilled teachers, physicians, workers in everyday services and culture and the arts are moving to work in commercial structures, small enterprises, and other organizations and institutions. There is a considerable drain of experts from ministries and other organs of state power. For this reason wages for

workers in the apparatuses of the organs of state power and management are being raised by a factor of 2.7.

Overall the level of wages for workers in the nonproduction sphere will reach 95 percent of the level of wages for workers in material production. The average monthly wage for a worker in Turkmenistan will be R7,029.

Grants for those studying for a doctorate must be increased to R4,260 monthly, and to R2,770 for graduate students, and the size of grants for college students will be raised to R1,600, students at specialized secondary schools to R1,280, and students at vocational-and-technical schools to R640.

The minimum pension is equal to the minimum wage—R1,600—while the maximum is three times the size of the minimum pension. Existing compensation payments for children are being increased by a factor of 1.3.

In order to implement measures to raise the wage level for workers, employees, and kolkhoz farmers, and grants for those studying for doctorates, graduate students, students at colleges and specialized secondary schools, and vocational-and-technical school students, and also pensions and benefits, an additional R23.5 billion will be needed, including R5.9 billion from the republic budget.

S.A. Niyazov went on to acquaint the Majlis deputies with the draft presidential decree "On Free Consumption by the Population of Turkmenistan of Electric Power, Gas, and Drinking Water from 1 January 1993."

He noted in particular that this decision has no analogy in world practice and is aimed at providing protection for the population under the conditions of the transition to market relations. Implementing this decision will cost the state R3.5 billion. As water, gas, and electricity supplies improve, which is envisaged by the state program, the value of the benefits for the population will be increased.

It should be noted that during 1991-1992, when in the CIS countries the price for energy sources has risen many times over, in Turkmenistan the prices for gas, water, and electric power for the public have remained virtually unchanged. Thus, the public in Kazakhstan can acquire a cylinder of bottled gas for R14, for R60 in Kyrgyzstan, and for R120 in Tajikistan. But the inhabitants of our republic use bottled gas at a price of R3 per cylinder.

The Russians pay 36 kopeks for 1 kilowatt-hour of electricity, in Uzbekistan it costs 20 kopeks, in Tajikistan 10 kopeks, while the inhabitants of Turkmenistan use electric power at a cost of 8 kopeks per kilowatt-hour.

By conducting an analysis of per capita water, gas, and electricity consumption in 1992, the government has determined the maximum quantities of gas, water, and electricity that can be provided free for each person during 1993. Thus, each inhabitant of Turkmenistan will receive gratis 50 cubic meters of gas, 7.5 cubic meters of water, and

20 kilowatt-hours of electric power. One free cylinder of bottled gas will be provided each month to each family. In all, during 1993 gas consumption will be about 1 billion cubic meters. According to the calculations proposed, gas recovery next year will be about 80 billion cubic meters. So we are able to allow ourselves 1 billion cubic meters free for our population. For gas is the wealth of our state, and each of its inhabitants should have it by right. The fact that today we are providing it free will be returned to the state through the enhanced well-being, culture, health, and finally spiritual tranquility of the people about tomorrow. The government of Turkmenistan guarantees protection of and support for the living standard of the population.

Speaking about ratification by the Majlis session of the Treaty on Friendship and Cooperation between Turkmenistan and the Russian Federation, S.A. Niyazov noted its enormous significance, which extends beyond the framework of a normal document of this kind. The treaty signed on 31 July in Moscow has become an act of final recognition by Russia of the independence of Turkmenistan. For the first time in their history the two peoples have been given an opportunity to build their mutual relations on the basis of equality, mutual advantage, and respect one for the other. The document has secured all that is best that united the Turkmen and Russian peoples and their historically linked destiny.

A number of bilateral agreements have already been reached in implementing this document. One is the treaty between Turkmenistan and the Russian Federation on joint measures in connection with the creation of the Armed Forces of Turkmenistan. It resolves a whole set of questions in the field of troops and weapons. The new political realities that have come about because of the disintegration of the USSR have demanded fundamentally new approaches and solutions that have not been seen in world practice. Conclusion of the treaty has made it possible to bring the process of establishing Turkmenistan's Armed Forces within the framework of law and order and to eliminate the difficulties and conflicts that are observed today in other states.

Agreements with the Russian Federation concerning the most urgent questions of vital support for servicemen and guaranteeing their legal and social protection serve as a guarantee that Turkmenistan's defense capability and its security will not be impaired because of the difficulties of the transitional period.

In order to ensure comprehensive security for Turkmenistan, on 27 August a treaty was signed with the Russian Federation on cooperation in the sphere of safeguarding state borders, and on the status of servicemen in the Russian border troops located on the territory of Turkmenistan. The result of this treaty has been the creation of Turkmenistan's border troops. This is of enormous importance for ensuring the integrity and inviolability of its territory.

The treaties concluded with the Russian Federation will undoubtedly play a significant role in the development of

mutually advantageous relations between our states and bring benefit to both peoples.

Noting the great interest of all the republic's inhabitants in the Law "On Citizenship of Turkmenistan" passed by the session, S.A. Niyazov stressed some of the main provisions of this law. While protecting the rights and legitimate interests of its own citizens, it places on them the obligation to observe and respect the Constitution and laws of Turkmenistan. All citizens of the former USSR residing permanently on the territory of Turkmenistan at the time the law enters into force, regardless of national affiliation, are recognized as citizens of Turkmenistan unless they decline citizenship in writing. The law determines that subsequently the conditions for acquiring citizenship include a knowledge of the official language to the extent needed for everyday dealings, and residence on the territory of the republic for the previous seven years. Turkmenistan recognizes dual citizenship, that is, when a person has citizenship of another state in addition to Turkmenistan citizenship. Acquisition of citizenship of another state will be regulated by special interstate agreements covering questions of citizenship. Today there are no such agreements with any state. Turkmens who were born and have lived in other states, except for the former USSR, have the right to simplified acquisition of citizenship of Turkmenistan.

In conclusion S.A. Niyazov expressed confidence that the corps of deputies in the Majlis of Turkmenistan will mark the state holiday—Independence Day—in a worthy manner. Every day Turkmenistan takes significant steps on the path to creating a rule-of-law state. The first year of independence has brought a faith in the great possibility of the Turkmen people and shown the correctness of the historical decision made a year ago.

Decree on Free Energy Consumption Program

*93US0096A Ashgabat TURKMENSKAYA ISKRA
in Russian 5 Oct 92 p 1*

[“Decree of the President of Turkmenistan, 30 September 1992, No 958, Ashgabat city: On Free Consumption by the Population of Turkmenistan of Electric Power, Gas, and Water”]

[Text] In order to improve social protection for the population of Turkmenistan under the conditions of the transition to the market and improve their well-being and increase real incomes, I decree as follows:

1. To establish from 1 January 1993 free supplies of electric power, water, and natural and bottled gas for the domestic needs of the population of Turkmenistan.
2. To confirm the limit of free electric power per person per month at 25 kilowatt-hours.
3. To confirm the limit of free gas consumption per month per person for natural gas at 50 cubic meters, and for bottled gas at 21 kilograms (one cylinder) per family.
4. To confirm the limit of free water consumption per person at 250 liters per day.

5. To establish that free distribution does not extend to the following:

- for gas and electric power: for heating hothouses, dacha and orchard areas, and private garages, and for operating equipment used in private and cooperative production activity;
- for water: for watering, caring for private cattle and poultry, and washing motor vehicles;
- for electric power: for use for heating purposes.

6. Payment for electric power, gas, and water consumed by the population above the established limits shall be paid for in accordance with the approved rates.

7. To assign the Turkmengaz State Corporation, the Kuvvat State Corporation, and the regional production association for the municipal economy together with the Turkmenistan Ministry of Economics and Finance during the period before 1 December 1992 to draw up "Provisions on Procedure for the Use of Accounts for Electric Power, Gas, and Water Used."

8. The Turkmenistan Ministry of Economics and Finance shall when forming the budget for 1993 take into account compensation for the costs of enterprises providing free electric power, gas, and water for the population.

9. To permit the Turkmengaz State Corporation and the Kuvvat State Corporation together with the velayat khyakims to confirm differential seasonal norms for the use of gas, electric power, and water.

10. The Turkmengaz State Corporation, the Kuvvat State Corporation, and the regional production association for the municipal economy shall together with the velayat khyakims resolve the question of acquiring and installing, starting in 1993, gas and water meters inside houses, and of setting up appropriate services to maintain them.

11. The Turkmengaz State Corporation, the Kuvvat State Corporation, and the regional production association for the municipal economy together with the Turkmenistan Ministry of Justice shall within one month devise and submit to the Cabinet of Ministers proposals on making amendments to existing legislation covering penalties for persons who permit violations in the use of electric power, water, and gas.

[Signed] S. NIYAZOV, president of Turkmenistan

Future of Turkmen-Chinese Relations Viewed

93US0096B Ashgabat TURKMENSKAYA ISKRA
in Russian 1 Oct 92 p 3

[Article by I. Ivakhnenko, chief of the international information department: "The Far East Is Getting Closer: Turkmen-Chinese Relations Today and Tomorrow"]

[Text] China and Turkmenistan are united by their consistent reform of the economic systems and a surge in foreign policy activity. The course and aim of the reform—to create in the place of the totalitarian society not an individualist and capitalist society but a society with a social direction—are bringing the partners closer together.

And although today mere terminology does not evoke any particular trust or enthusiasm, facts are facts. In China, thanks to the reforms they are now living better than 10 years ago. In Turkmenistan it is much better than in the former Soviet republics.

The convergence of concepts is also exerting an influence on the close nature of tactics in the reforms in the two countries. For example, both China and Turkmenistan are creating a nonstate sector in the economy, not instead of or in the place of the state sector but alongside it. In particular this makes it possible to effect changes in the structure of management without a recession in production. In this way, a foundation is being laid not only for saturating the domestic market but also commodity expansion into the world market. Which, incidentally, China—which started to move along this path in the 1980's—is already demonstrating. The Turkmen leadership plans to attract foreign capital extensively for production activity in those sectors that are regarded as priorities. Properly speaking, the same thing is being done in the PRC. Moreover, as the technological level is raised, it is switching from the creation of joint-stock companies in the processing sectors to joint enterprises in the field of electronics, and so forth. In addition, making use of foreign know-how, it is also organizing modern enterprises.

Let me remind you that China started its reforms much earlier than Turkmenistan, and it is natural to compare the steps that each country has taken, and the directions and pace. Notwithstanding, the factor of the time advantage for China is of another kind, namely the opportunity to make use of the experience of a partner. But the main thing that ensures the increasing dynamism in Turkmen-Chinese relations is the coincidence of the algorithms for their development.

The Chinese partners operate on a purely pragmatic basis: They more than make up for their geographical remoteness by their business activity. Just think of the plans for cooperation that provided for the agreement signed in January this year in Ashgabat by the deputy chairman of the Cabinet of Ministers, Valeriy Otchertsov, and the Chinese minister of foreign economic relations and trade, Li Lanqing. The sides agreed then that they will trade and settle accounts not only in freely convertible currencies but also on a barter basis. Most-favored-nation status was established for customs duties for imported and exported goods, and for other imports. Turkmenistan and China pledged to protect the capital of investors in the two states. While assuming the role of guarantor and coordinator for bilateral cooperation, the state structures do not plan to be particularly involved in the direct ties between enterprises, companies, and associations. The only condition that the governments have set for business people is that their contracts be concluded on the basis of international practice.

These plans have not just remained something on paper. In March a PRC trade mission started to operate in Ashgabat—its first. At about the same time the vice president of the country's largest state bank, the Bank of China, Li Zuhua, visited the capital of Turkmenistan on business.

The result was the signing of direct open correspondent accounts between China and the joint-stock commercial bank Turkmenistan. These kinds of relations mean not only that settlement of accounts between the partners can be accelerated. In world practice, serious cooperation starts only after a bank guarantee has been provided for foreign trade ties. Li Zuhua acknowledged that Turkmenistan has become the first Central Asian republic with which the Bank of China has started to establish close business contacts...

The All-China "Urumchi-92" trade fair in September provided new impetus for cooperation. TURKMENSKAYA ISKRA has already reported on the results of the trip there by representatives of Turkmenistan. Chinese entrepreneurs are proposing to us the most diverse cooperation, from the creation of joint enterprises of various kinds to deliveries of both industrial and consumer goods.

From what has been said by Chinese representatives we may conclude that they are extremely interested in consolidating their positions not only in Turkmenistan's commodity market but also in the production sphere. It is being proposed that a contract be signed for the joint construction and operation of a hotel in Ashgabat. And according to the republic chamber of commerce and industry, we can expect the arrival of a large group of Chinese businessmen to conclude contracts to set up joint enterprises in agricultural processing, textiles, and other sectors.

The report on the meeting between President S.A. Niyazov and the present Chinese ambassador, Cheng Zhensheng, talked about a new phase in the development of ties. Mr. Zhensheng acknowledged that the Chinese side is very interested in bringing Turkmenistan's transportation communications into the international system. Indeed, for China this will significantly facilitate further movement of its goods to the West, and, this means, also its influence. On the other hand, consolidating communications between the Far East and the Near East, and also Europe, is advantageous for our republic. For in this case Turkmenistan will become an active participant in the world economic process simply because of its geographical position. And consequently the two countries would like to see each other successful and very active in the international arena. In the world market Chinese goods enjoy a reputation for being of quite good quality and quite inexpensive. In other words, they are very attractive for Turkmenistan's present domestic market. Here, the Chinese do not want payment in nonconvertible currency but are fully agreed to barter for cotton. As we assess China's foreign trade strategy today we should remember that it is still quite difficult for it to compete in those markets that already accept goods from the highly developed countries. And here it has the former Soviet consumer space—an El Dorado for many producers. Here it must be thought that for the sake of future profits the Chinese entrepreneurs are initially making greater concessions to buyers than Western companies that already have markets in which to sell.

In contrast to their colleagues from other countries, Chinese diplomats maintain active contacts with the sociopolitical

organizations in Turkmenistan. This kind of approach testifies to one thing: Without relying on the elevated nature of "special relations", China is trying to make them comprehensive with the Turkmen side, rightly considering in this that numbers sometimes grow into quality.

China's geostrategic interests in Turkmenistan are brought closer by one main thing, namely, the lack of any desire to be a sphere of influence for other states, which, strictly speaking, is something in the history of both peoples. On the world plane there is a reluctance to play the role of junior partners by participating in achieving the interests and advantage of more powerful and developed countries. On the other hand, however, the support from a country like China, which undoubtedly is a great power, regardless of the policy of the young Turkmen state means a great deal. It is quite possible that during the visit by Turkmen President S.A. Niyazov, for which the Chinese leadership is insistently issuing an invitation, the talk will touch not only on bilateral relations but also world problems. Perhaps a document will be signed similar to or somehow close to the one that Turkmenistan has signed with another great power—Russia. In any event, it can be confidently stated that the visit by the president of Turkmenistan to Beijing will produce results.

At the start of the 20th century some figure in the West said approximately the following: "China is a slumbering giant, so do not waken it." The "slumbering giant" has nevertheless awakened, and while some may start to suffer from insomnia because of it, we say "Welcome, great country!"

UZBEKISTAN

Minister Assesses Agricultural Situation, Prospects

93440183A *Tashkent SELSKOYE KHOZYAYSTVO UZBEKISTANA* in Russian No 6-7, 1992 pp 2-6

[Article by Uzbekistan Republic Minister of Agriculture M. Islamov: "The Main Tasks of the Agrarians"]

[Text] The republic's agriculture has entered a new stage of its development. New economic relations are being formed on the basis of market structures. An active process of social reorientation, rebirth of the dekhkan way of life and of a thrifty attitude toward the principal means of production—land, and ways of raising the effectiveness of agriculture based on changes in production relations are being tested out. All of these pathways of the economic mechanism have not been studied much by science, and they have not been practically tested out in our conditions, but they are attractive to farm directors and specialists, kolkhoz farmers and sovkhoz workers because of the more realistic criteria they employ in evaluating work, the more precise definition of pay for its end result, and the possibility for each person to reveal himself and to display his talents and capabilities in the effort to solve the problem of attaining a qualitatively new level in the entire agrarian sector.

What we have begun has to be finished in difficult conditions. On one hand favorable factors operate when the

objectives of utilizing the overall potential of the countryside are approached on a large scale. And primarily by removing all restrictions from the economic activities of kolkhozes and sovkhoses, developing leasing and cooperative relations, encouraging private and commercial farming, and creating conditions allowing diverse forms of property ownership to function.

However, factors that complicate the work operate as well. Primary among them is the unrestrained growth of prices of equipment, fertilizers, fuel and other material and technical resources necessary for agriculture.

But no matter what the difficulties and complexities might be, the dismantling of old mutual relations is a necessary and happening thing. Market-economy methods of organizing and managing production are manifesting themselves evermore clearly.

Edicts and government decrees adopted at the initiative of the president of the Republic of Uzbekistan have no equals in all of the history of development of agricultural production in terms of their significance and their power to influence rural laborers.

That this is true can be seen from the Uzbek Republic president's edict "On Freeing the Republic's Agricultural Enterprises From Payment of Value Added Tax Into the Budget" adopted 28 May 1992.

For the first time in many years we are maintaining unity and comprehensiveness in the approach to solving the problems of increasing the production volume and concurrently raising the standard of living of all rural inhabitants. And the main thing is that all of the measures associated with developing agriculture are reinforced by the necessary economic steps, particularly by proper pricing of agricultural products, financing and loans.

The president's well known edicts on developing the population's private plots, on developing and reinforcing dekhkan (commercial) farms, and on state support to entrepreneurial activity have a special place in the practical efforts to fundamentally change production, social and economic relations, in shaping and realizing the interests of dekhkans, and in stimulating their labor.

Development of diverse forms of management and their equal application to kolkhozes, sovkhoses and other agricultural enterprises and organizations has been initiated.

In 2 years, almost 300,000 hectares of irrigated plowland were transferred to private possession in order to develop private farms, and now there are over 513,000 hectares in this sector. The potentials of private farms are great, as a result of which production of fruits, vegetables and livestock products is increasing rapidly. In just the last 2 years the private sector increased its production of potatoes by 79,000 tonnes, vegetables by 771,000, and melon crops by 78,900 tonnes. In the last year the quantity of cattle on the population's private plots increased to 443,000 head, including 182,000 cows, and the number of sheep and

goats increased by 606,000 head. As a result meat production in this sector increased by 44,000 tonnes, milk production increased by 283,000 tonnes, and egg production increased by 30.9 million eggs.

Dekhkan (commercial) farms are enjoying rapid development. To organize them, a land fund of 200,000 hectares was formed. Over 9,000 dekhkan farms cultivating 80,000 hectares of irrigated plowland and producing a significant quantity of products are already functioning. The efforts to get them on their feet are continuing, mutual relations are being worked out, and steps to reequip them are being taken. Development of direct ties of the farms with foreign firms and CIS states has begun.

Providing assistance to the rural population in private construction is one of the most important and urgent points of application of effort. We need a complex of measures to carry out social and personal transformations in the countryside, and we need to create a material and technical base providing private plots and commercial farms with transportation, equipment, packaging, packing materials and resources for product processing and storage.

New forms of production organization reinforced by economic factors directed at raising productive activity made it possible to grow a harvest that was able to fulfill state orders for many types of farming and livestock products, despite the extremely unfavorable weather in spring and summer of last year. Gross production in current prices was 21 billion rubles. The wages of kolkhoz farmers and sovkhos workers almost doubled. Enterprises, kolkhozes and sovkhoses of the Ministry of Agriculture ended the year with a profit of R3,218,000,000, which is R1,185,000,000 more than in 1990.

Major changes are occurring in cotton growing in response to a package of organizational, administrative, social, and economic measures. Despite the fact that this sector remains the leading one in agriculture, it no longer dominates the planting structure. Other sectors, especially those producing food, are beginning to develop actively in parallel with it.

This became possible owing to the course toward optimizing cotton production. In the last 4 years the area devoted to cotton was decreased by almost 400,000 hectares. Introduction of the accomplishments of scientific and technical progress into cotton farming—precise planting, sowing in rows, mechanical irrigation, new varieties, and biological plant protection methods—made it possible to increase the cotton yield by 4 centners per hectare in comparison with 1987, to 27 c/ha from an area of 1,720,000 ha last year. A total of 4,646,800 tonnes were procured, including 403,600 tonnes of especially valuable fine-fibered varieties.

Organization of cotton production based on economic independence made it possible for cotton growers of Bukhara Oblast to fulfill the state order by 114 percent. They sold 514,000 tonnes of raw cotton. The highest yield was attained here—32.8 c/ha. Good yields were also grown by farmers of Fergana (30.9 c/ha), Namangan (30.7 c/ha) and Andizhan (28.7 c/ha) oblasts.

Masters of the cotton fields in Kashka-Darya Oblast were the second in the republic to fulfill the cotton procurement plan. The oblast sold more cotton than all the rest.

Thin-fibered varieties make up a large proportion of the yield of Surkhan-Darya Oblast (284,000 tonnes out of 465,000 tonnes). The yield of "silky" cotton reached 33.3 c/ha.

Many of the republic's rayons worked hard. The highest yield—40.1 c/ha—was reached by cotton growers of Gizhduvanskiy Rayon. Other high yields were 37.2 c/ha in Dzhandarskiy Rayon, 36.3 in Narynskiy, and 38 c/ha in Namanganskiy, while Shakhrikhanskiy, Leninyulskiy, Izbaskanskiy, Dustlikskiy, Altynkulskiy and Buvaydinskiy rayons grew from 30 to 33 c/ha of cotton.

As before, mechanization of the most laborious process—harvesting—is devoted a central place in cotton production. Owing to creation of a system of cotton harvesting machines, constant training of machine operators and higher wages, it was possible to finish the harvest within 40-50 working days. It should be noted that last season was the first time in many years that the republic was able to reach its quota of machine harvesting, attaining a volume of 2,673,100 tonnes, which is 104.5 percent of the plan. The best indicators in mechanized harvesting were attained by cotton growers of Dzhizak Oblast, who machine-harvested 92 percent of all procured raw cotton, and in Syr-Darya (86 percent), Tashkent (79.6 percent) and Kashka-Darya (65.9 percent) oblasts.

Many machine operators who competently utilize the technical possibilities of cotton harvesting machinery gather harvests of over 200 tonnes in a season.

It should be noted however, that the possibilities for further growth of cotton yields have not been exhausted, and this means that reserves exist for improving the planting structure in the farms with the purpose of reducing the cotton growing area without reducing gross raw cotton production. Variations in cotton yields from farm to farm are still highly significant. Over approximately half of the area they are below the republic average, while in many regions the yield is holding at 20 c/ha.

Considering the sector's present potential and the new business management conditions, a target of obtaining an average of not less than 30-32 c/ha in the republic is now fully realistic.

Basing itself on the general objectives of developing agricultural production, the ministry is concentrating the attention of farm directors and specialists chiefly on fully introducing crop rotation; on breeding and introducing new varieties of cotton into production; on developing integrated systems for protecting plants from diseases and pests; on creating preparations that stimulate plant development and increase the effectiveness of fertilizer use; on developing improved machinery systems of a new design; on introducing intensive and water-conserving procedures at every farm; on solving the social problems of the countryside.

It should be noted that in solving the sector's problems we must not forget the unique features of the republic's individual zones and regions.

Each year science and practice offer and introduce many new methods of production technology and organization. However, despite the high economic effectiveness of scientific and technical progress, it is being introduced too slowly at a number of farms. For example precise cotton sowing has been widely used on salinized land in Syr-Darya and Dzhizak oblasts for many years. From 25 to 40 kg of seeds are sown on every hectare, which is two to three times less than in some other oblasts. In this case they economize on seeds and reduce the outlays of labor and money in cotton production.

Proper organization of cotton selection and seed growing is the principal link in the system of scientific and technical progress in cotton growing. As a result of the active work of our plant breeders, every oblast and rayon now has a possibility for selecting, from the numerous varieties that are offered, that which is the most appropriate to the given soil and climatic zone, and this factor has exceptional significance under the conditions of the transition to a market economy.

The task of scientists is to continue to persistently search for methods promoting selection of new, highly productive, high-yield, fast-ripening cotton varieties producing fiber that can compete in the world market.

At the same time, changes in the direction of improving the quality of raw cotton have not been as significant in recent years as we would wish. The gross approach continues to prevail. Can we really say that we are doing the right thing when the yield of the top variety was only 8 percent of the harvest at farms of Fergana Oblast, 6.8 percent in Namangan Oblast, 12.9 percent in Dzhizak Oblast and 15.5 percent in Tashkent Oblast? The kolkhozes and sovkhoses suffer considerable financial losses by not producing enough of the top varieties.

More attention needs to be devoted to improving seed farming. Its dispersal among numerous farms and the shortage of seed-growing specialists have created a situation where the proportion of cotton seeds exhibiting first-class germination at farms of Dzhizak and Syr-Darya oblasts does not exceed 20-25 percent. Seed production requires high farming culture. It can be attained by introducing crop rotation, utilizing the best agricultural practices, conducting harvesting and postharvesting work meticulously, and storing and processing seed cotton in organized fashion at every seed growing farm. In other words special agricultural practices must be used to produce seeds of a high class. All of this requires that the Uzsemkhopok RPO [not further identified] and its oblast subdivisions to devote special attention to the work of elite seed growing farms.

Organizing introduction of the accomplishments of science and progressive experience is an important direction of intensifying cotton growing. This process consists of a broad complex of projects, but much depends on the aggressiveness of farm directors and specialists, and on their perception of the innovations. Practical workers are receiving more and more comprehensive recommendations and developments, but they are slow in introducing them.

The ministry is devoting a great deal of attention to preserving and increasing soil fertility. The main part of this work is introduction of crop rotation.

In the last few years the proportion of alfalfa has risen significantly and the area on which feed, vegetable, melon and grain crops are planted has increased. However, numerous deviations from crop rotation systems recommended by science are being permitted in many kolkhozes and sovkhozes. Agricultural crops are being planted without deep analysis and comprehensive consideration of the intensity of land use in crop rotation. There are many examples where certain farms are not planting enough alfalfa in their race for short-term profits. Just last year 45 of 112 inspected farms were not observing the crop rotation patterns, and planting less alfalfa than stipulated. Oblast and rayon agricultural organs are not making the appropriate assessment of farm directors and specialists who cause damage to soil fertility by their actions.

Causes which had formerly been cited by farm directors as hindering introduction of crop rotation—primarily the presence of cotton as a monoculture—have been eliminated. All of the possibilities now exist for fully introducing crop rotation as recommended by science for farms of all specializations.

The present ecological situation obligates us to seek new methods of controlling agricultural pests and diseases. A direction toward exclusive use of chemical plant protection resources has been adopted. Positive changes are occurring in this aspect. In the last 2 years the use of chemical preparations decreased dramatically through the efforts of scientists, directors and specialists of sovkhozes and kolkhozes, and all specialists in plant protection. Last year agricultural pests were controlled primarily by biological methods, with mildly toxic sulfur preparations being used only in isolated cases. Chemical supply centers and fertility detachments must be established at every farm in order to improve the use of mineral and organic fertilizers and raise their impact on the harvest by 1.5-2 times.

There are many reserves for successfully developing cotton growing. We can attain higher indicators in this sector through scientific and technical progress.

Development of grain farming is acquiring special significance. This is associated with the fact that first of all, the population is growing, second, ties between former union republics on which grain deliveries were based have been broken, and third, the demand for forage grain is increasing in livestock farming and poultry raising.

It should be noted that on the whole, grain farming is developing unstably, in jumps and starts. Seed farming has not yet been properly organized, and the agricultural practices of farming both nonirrigated land and irrigated soil are being violated, owing to which yields are fluctuating, rather than growing; presently they are 25 c/ha for ear crops on irrigated land, 38.3 for grain corn, and 32.2 c/ha for rice. This is why gross production has hardly increased, remaining within 1,750,000-1,800,000 tonnes.

At the same time experience confirms that high yields can be attained when a conscientious and thoughtful attitude is maintained toward growing cereal crops. For example each year the Galaba and Okoltin kolkhozes of Shakhrikhanskiy Rayon, the Namuna Kolkhoz of Turakurganskiy Rayon, the Nayman Sovkhoz of Papskiy Rayon and the Sovkhoz imeni 50-letiya Uzbekskoy SSR of Saykhunabadskiy Rayon obtain high yields of ear crops on irrigated land—50-60 c/ha each. The kolkhozes and sovkhozes of Andizhan and Namangan oblasts grow 50-55 c/ha of corn grain each.

The Sholikor and Syrdarinskiy sovkhozes and many sovkhozes of Karakalpakstan and Tashkent oblast obtain rice yields of 50-55 centners year after year. And this, as experience shows, is not the limit. Dozens of teams obtain 80 c/ha and more. There is a serious reserve for increasing the sector's effectiveness in equalizing the yields at the level of the indicators of the best farms. Kolkhozes and sovkhozes are faced with the task of attaining grain production volumes that would satisfy both food needs and the needs of livestock farming.

The directors of farms and of rayon and oblast subdivisions should assume an active position in the effort to solve the grain problem. The planting of cereal crops for the present year's harvest has already increased on irrigated land by 105,000-110,000 hectares to a total of 312,000 hectares, and on nonirrigated land by 540,000 hectares.

The decree of the Cabinet of Ministers under the president of the Uzbekistan Republic "On Increasing the Purchase Price of Grain and Ear Crops" adopted on 28 May 1992 will become a significant stimulus in increasing grain production volumes.

Despite the fact that fruit and vegetable growing is concentrated chiefly in specialized farms of the Uzplodoo-voshchvinprom concern, kolkhozes and sovkhozes within the system of the Ministry of Agriculture make a significant contribution. The proportion contributed by the ministry's farms to the total planting structure is 54 percent for vegetables, 69 percent for melon crops, 49 percent for potatoes, 45 percent for fruit orchards and 22 percent for vineyards. Fruit and vegetable production is 55 percent and procurement is 39 percent of the total volume.

Deeply substantiated scientific recommendations on how to organize the structure of vegetable plantations at the oblast, rayon and farm level more purposefully and effectively, with regard for assortment and the natural and climatic conditions, must be developed. This approach will make it possible to utilize land better, and most importantly, it will ensure a continuous year-round vegetable supply to the population. The amount of land devoted to early vegetables has already been expanded in order to increase deliveries of vegetables from January to May. The area devoted to them has increased by 1.5 times over last year. Late vegetable production is being increased in order to ensure the needed quantity for winter storage.

Procurement of fruits and vegetables is a very important problem. Farms lose a significant part of their harvest in the final stage of production. A number of organizational measures aimed at optimizing the raw material zone

around processing enterprises are being implemented in order to reduce losses. Cannery directors must assume a more active position in forming the necessary assortment and organizing rhythmical deliveries in order to interest the farms in producing products the enterprise needs.

The ministry is devoting serious attention to developing small fruit and vegetable processing shops. There are now 145 shops operating with an output of over 220 million standard cans. Moreover a number of farms are erecting storehouses and reviving folk storage methods.

It seems to us that the problems of developing the fruit and vegetable complex should be solved by subjecting vegetable growing to deep specialization. This process should begin with the family unit, the leasing team, and the peasant and commercial farm, in such a way that they would engage in growing a single type of vegetable crop as a rule—early, middle or late ripening—in application to the natural and climatic conditions and the people's preferences. Experience shows that this will make it possible to increase yields and the quality of products, and create real masters of vegetable plantations in each farm. The planting of numerous crops by a single team is a hindrance to production intensification.

Something needs to be said about the great mistakes that are being made in potato growing. The shortcomings in this sector are associated with many factors, but primary among them are the absence of clear zonal specialization of the seed growing system, weak introduction of intensive production procedures, and a shortage of storage bases. The production plans of many kolkhozes and sovkhozes are not being met year after year. Last year only 65 percent of the planned volume of potatoes were produced.

Yields remain extremely low. Last year they did not exceed 83 c/ha. This is not the first year that potato growing has been given lower priority, and it does not say much for the work of the agronomical service and scientific institutions.

The interests of the matter require that they direct their efforts toward creating specialized farms, and especially ones producing seeds. The ministry is focusing special attention on this sector, since without local production of potato seeds, it would be impossible to increase the production volume to 1 million tonnes, as is required by the needs of the republic.

There are also many problems in orchard farming and viticulture. The yields are low in many farms, there are problems in harvesting, storage and processing, many losses are being tolerated, and not enough fresh produce is being sold.

Under our favorable conditions, with considerable land devoted to orchards and vineyards, the per-capita consumption of fruits and grapes is not in keeping with the scientifically substantiated norms.

A number of measures are already being implemented to improve the situation. The area devoted to orchards and vineyards is expanding. In just the last few years around 120,000 hectares of new plantations were established. Efforts are also being made to reestablish old plantations.

The solution to the problem of raising the effectiveness of orchards and vineyards, as well as of other sectors, lies in introducing the leasing, contracting and cooperative forms of management.

Kolkhozes and sovkhozes are taking additional steps to seek out reserves for increasing feed production in connection with the development of private and commercial farms within the population. The structure of feedlands as well as the procedures for cultivating and harvesting feed crops and procuring feed are improving. The farms have introduced the planting of intermediate and second crops in order to lengthen the season of green fodder for animals.

The implemented measures have made it possible to increase production of green fodder to 15.2 million tonnes, or to increase it by 2.2 million tonnes. Rough fodder procurements have also risen. Still, the demand of public livestock raising for rough, succulent and green fodders is only 85-90 percent satisfied, while private plots are seeing only 15-20 percent of their feed demand satisfied.

The weakness of the feed base in many farms is explained chiefly by the fact that directors and specialists look at feed production as a secondary sector. Violations are occurring in the planning and distribution of feed crops in the crop rotation system. Almost every year, farms of Andizhan, Bukhara, Kashka-Darya, Surkhan-Darya, Tashkent and Khorezm oblasts plant 35,000-40,000 hectares less than required. As a result the farms fall short in their production by 140,000-150,000 tonnes of feed units. The procedures of sowing, tending and harvesting feed crops are often violated. For example we lose one full mowing, or over a million tonnes of alfalfa hay, simply because of violations of the deadlines for each mowing of alfalfa.

Zonal agricultural practices for cultivating corn for silage and feed root crops are also being violated. Their yields are 120-150 c/ha in most farms.

As a result the return from a feed hectare is 45-50 centners of feed units, which is 1.5-2 times less than the available potential.

This year feed production has been basically transferred to the leasing form of labor organization. Special attention is being turned to establishing the conditions for prompt fulfillment of agrotechnical procedures in the cultivation and harvesting of feed crops, and for upgrading the quality of procured feed.

Much has to be done in livestock farming. For practical purposes the base for this sector's development is now established. We have the well-bred animals, the good livestock buildings, and the qualified specialists, milkmaids and herders.

However, in the last few years the rate of growth of livestock production has been insignificant, and with regard for population growth, production of meat, milk and eggs is decreasing on a per-capita basis. Last year the meat procurement plan was fulfilled by only 65 percent by kolkhozes and sovkhozes of Andizhan Oblast, by 71 percent in Tashkent Oblast, 86 percent in Bukhara and

Kashka-Darya oblasts, and 87 percent in Surkhan-Darya and Khorezm oblasts. The shortfall was a total of 34,200 tonnes of meat and poultry.

Violation of the zootechnical norms of maintaining animals and caring for them has resulted in a decrease in animal productivity. Last year the milk yield per cow decreased by 331 kg in farms of Khorezm Oblast, 289 kg in Samarkand Oblast, 179 kg in Kashka-Darya Oblast, and 161 kg in Republic of Karakalpakstan. The average daily weight of cattle, average daily weight gain and births of young animals also decreased.

As a result annual meat production decreased by 32 percent in farms of Andizhan Oblast, 24 percent in Tashkent Oblast, 20 percent in Dzhizak and Syr-Darya oblasts, 18 percent in Samarkand Oblast, and 16 percent in Karakalpakstan; the decreases in milk production were 9 percent in Syr-Darya Oblast and 8 percent in Samarkand Oblast.

Poultry raising experienced a great production slump. The main causes of this sector's unsatisfactory work are associated with disruption of economic ties supporting deliveries of special feed for poultry factories, and with the failure of kolkhozes and sovkhoses to fulfill their quotas for selling corn grain out of which to produce combined feed.

However, there are many livestock farmers working at the highest level of proficiency, and this creates the confidence that the shortcomings in development of livestock farming will be eliminated in the very near future. Efforts are continuing to strengthen existing interfarm feedlots, and farms of the Uzmysamolprom RPO.

The prospects for further development of agricultural production, and of private plots and commercial farms requires a new approach to the problems of water use. Everyone is unanimous in the understanding that we need to conserve water. But what we see in practice is entirely different. During the time of vegetative irrigation and flushing of land, water is used irrationally in certain farms, and its excessive consumption per unit of product is permitted.

In order to achieve sensible use of available water resources, the ministry is working daily together with water management organs to limit water use and to introduce employment of water-conserving procedures and progressive irrigating techniques. For example the experience of past years in using drip irrigation systems in orchards and vineyards of the republic and their high effectiveness in relation to row crops provide the grounds for widely introducing them into production. According to data of scientific institutions, in 1991 drip irrigation on cotton plantations provided a two-time savings of water and a yield increase of 25-30 percent.

We are also beginning to introduce other water-conserving technologies into production—in particular, we are introducing an information and advisory system supporting operational planning of irrigation. Problems associated with sensible use of water resources are vitally important to us.

The year's results showed that there are many farms today that are not living within their means. In this connection a

government decree has transformed unprofitable and low-profitability farms, with the consent of their collectives, out of sovkhoses into kolkhozes, cooperatives and leasing enterprises, since many years of experience have shown that kolkhoz production is more effective. However, there is the fact that many kolkhoz and sovkhos directors, and even specialists at the oblast and rayon level have still not deeply studied the principles of cost accounting and leasing, and have not learned to work independently and resourcefully in market conditions.

This is despite the fact that these are fundamental issues today. Directors and specialists need to come to deeply realize that the largest reserve is hidden not only in the prices of products but also in sensible organization and stimulation of labor.

Life persuades us that only by uniting our resources, energy, knowledge and experience will we be able to significantly increase the productive power of the land.

Prospects for Cattle Raising in the Cotton Belt

934A0183B Tashkent SELSKOYE KHOZYAYSTVO
UZBEKISTANA in Russian No 8-9, 1992 pp 16-17

[Article by Sh. Shalayev, Plemelita Scientific-Production Association, Uzbek Scientific Research Institute of Animal Husbandry: "The Reserves of Cattle Raising in the Cotton Planting Zone"]

[Text] Given the present plans, and considering the population forecast for Uzbekistan in 1990, meat production expressed as dressed weight per capita should be 26.6 kg in the republic, while milk production should be 169.5 kg.

On a country average, per-capita consumption in 1990 was 70 kg for meat and meat products, and 335 kg for milk and dairy products (expressed in terms of milk). For Uzbekistan to attain the same levels of consumption, each year it must import 992,000 tonnes of meat and meat products and 3.8 million tonnes of milk and dairy products.

In 1989, Uzbekistan actually produced 478,000 tonnes of meat in dressed weight, or 24 kg per capita, while milk production was 2,929,000 tonnes, or 147.2 kg per capita. Consequently imports of meat and milk into the republic have to exceed the local annual production volume.

Namangan Oblast produces even less animal products per capita than the Uzbekistan average. In 1990, production of meat in dressed weight was only 19 kg per capita here, while milk production was 130 kg. In other words the problem of food self-sufficiency, especially in regard to livestock products, is even more acute for the oblast than for the republic as a whole.

This situation evolved in the oblast primarily because of the limited availability of feed, the low productivity of animals and specialization of agriculture in cotton.

In order that we can become more self-sufficient in livestock products, we need to sharply alter the existing structure of agricultural production in the oblast, in the direction of expanding livestock raising and increasing its feed base.

Analysis shows that meat production per capita in the republic increased from 21 to 24 kg in 1986-1989. If we extrapolate the existing trend, we can estimate that in 1995, around 30 kg of meat will be produced in Uzbekistan per capita, and in 2000, 35 kg of meat will be produced.

Naturally this prospect of Uzbekistan's "self-sufficiency" in meat products is totally unacceptable for the present generation: Fundamental changes are required right now in the republic's system of managing livestock raising.

In order to reach a level of per-capita production of at least 35 kg of meat by the year 2000 (given normal annual consumption of 83 kg), production should increase by a time and a half in the republic in comparison with 1989. This is an extremely complex task. And with regard for the current rate of improvement of the breed structure of the herd, and reinforcement of the feed base of livestock raising, it is a practically unattainable task. This situation requires development of a radically new but effective and realistic program for uplifting animal raising.

What we need to do first of all is tackle the job of improving the breed structure of the animals, and utilize the heterosis effect, immediately and intensively. Concurrently we need to correspondingly develop the feed base of livestock raising in order to ensure full nutrition of productive animals in terms of both the volume and the structure and ingredients of the ration. Improvement of the breed structure and complete availability of balanced feed will make it possible to reduce actual consumption of the latter per kilogram of weight gain by 20-25 percent, and per kilogram of milk to 1.0-1.2 feed units.

The reserves for increasing production of livestock products and raising its effectiveness do exist in the republic. First among them is reinforcement of the feed base of livestock raising by fully implementing scientifically substantiated cotton crop rotation, improving the structure of land used for feed, achieving a corresponding optimum structure of feed in the feed rations, and raising the yield of feed crops and the quality of procured feed.

Second, it is important to change the approach to improving the dairy herd.

Many years of importing expensive pure-bred milking cows and calves into the republic has not resulted in growth of milk productivity. Therefore the time has come to achieve permanent genetic improvement of the local dairy herd by fundamentally improving breeding work in the republic. The low productivity of the cows, after all, is responsible for the high level of the outlays of feed, labor and other material and financial resources, which reflects upon the cost of milk and beef.

In order to improve the situation today, every farm is drawing up a plan to improve the genetic condition of the herd, and specialized strain improving farms are being established. If the possibilities of the latter are limited, the herd is being improved by using the most productive local breeding animals and pure-bred bulls capable of improving the herd.

Expansion of the network of interfarm complexes producing replacement animals, development of team, family and leasing contracts, and organization of commercial farms to raise and fatten young cattle are making it possible for cotton farms to increase the number of cows to that typical of dairy complexes with the same feed base. In the optimum variant, this number should correspond to the possibilities of feedlands in the cotton crop rotation system of the particular cotton growing farm.

Enlarging the dairy farms of cotton growing farms to the level of optimum dairy complexes will make it possible to employ industrial procedures in them, to significantly raise labor productivity and to sharply decrease the cost of milk and young animals.

It must be said that the scientific recommendations of livestock raising are not being introduced very forcefully into modern economic practice. For example the heterosis effect is widely used in all developed countries. And in our country a high assessment was given to the prospects of heterosis back in 1966 at a special session of the All-Union Agricultural Academy imeni V. I. Lenin, and its broad use in farming practice was recommended, but the situation has changed little for the better.

The heterosis effect essentially results in higher meat productivity of young animals, obtained by industrial crossing of dairy and beef animals.

Practical utilization of heterosis in animal raising reduces to the following. First, all of the milking herd of a farm should be ranked by milk productivity. Those animals that are ranked best in milk productivity are mated to tested strain-improving bulls. The rest of the animals, from which it would be unsuitable to obtain replacement calves, are inseminated by producers of highly productive meat breeds. In order for expanded reproduction in the herd to occur, 20 percent of the cows have to be removed, and if accelerated expansion and renewal is required, 30 percent must be removed. In order to obtain the needed quantity of replacement calves, the best cows (that would be 50-60 percent of the available cows in the first case and 70-80 percent in the second, with regard for removal of unproductive cows) must be crossed with highly productive dairy breeds in accordance with the plan for improving the breed of the main herd. Young heifers obtained from the best cows will be used for replacement and expansion of the main herd. Young bulls will basically be raised and fattened, but the best of the best could also be raised for breeding purposes.

The offspring of the first generation from industrial crossing of dairy and meat breeds possess the heterosis effect, they gain weight quickly when provided high quality feed, and they produce meat of superior quality.

The reserves of animal raising indicated above are available to every cotton farm, and they must be utilized without delay, so as to make a real contribution to increasing the republic's food resources.

Turkey Sends Medicine, Medical Equipment

93US0113B Tashkent PRAVDA VOSTOKA in Russian
17 Oct 92 p 1

[Report by L. Strunnikova, correspondent: "Medicines Arrive from Turkey"]

[Text] Three airplanes carrying medicines have arrived in Tashkent from Turkey. The valuable air cargo was purchased with funds allotted to Uzbekistan by that friendly country. Included in the cargo were antibiotics, cardiovascular and hormonal preparations and compounds, as well as single-use systems to be used in blood transfusions.

"In striving to establish and fine-tune cooperation with Uzbekistan, which has set out on the path of independence, Turkey was one of the first states to allot large-scale credit to our republic," said R.T. Sultanov, Uzbekistan's first deputy minister of health. "We gratefully accept this timely assistance. Taking into account the critical situation with regard to providing the population with medicines—a situation which came about as a result of the disruption of economic ties between the former Union republics—Uzbekistan's leadership and government earmarked 52 million dollars of the Turkish credit to the needs of health care."

Moreover, 40 million dollars will be spent on purchasing medicines. Contractual agreements have been concluded with 20 Turkish firms producing drugs for the purpose of delivering preparations and compounds which are in particularly short supply here. It was also decided to use the allotted funds to acquire medical equipment needed by treatment institutions.

A group of experts within the republic's Ministry of Health has drawn up a list of equipment and medicinal compounds which are in critically short supply in hospitals, clinics, and pharmacies. And it is specifically on delivering these items that foreign firms have been keying their efforts. A working group has been formed to receive and distribute the items arriving from Turkey.

And such items are continuing to come in. These days, despite the bad weather, the cargoes are being received on schedule and are being immediately shipped to the appropriate medical institutions. In Turkey a fourth airplane is already being prepared for a flight to Uzbekistan. It will carry one more batch of valuable medicines, compounds, and equipment. In the next few days these items will be arriving at hospitals, polyclinics, maternity homes, and pharmacies in all the oblasts of this republic.

Republic, Indian Energy Workers Sign Cooperation Agreement

93US0113C Tashkent PRAVDA VOSTOKA in Russian
22 Oct 92 p 1

[Report by V. Drachev, correspondent: "International Orbits of Trade Unions"]

[Text] The Central Committee of Uzbekistan's Electric-Power and Electrical-Engineering Industry Employees

Trade Union have signed an agreement on cooperation with the All-Indian Federation of Electric-Power Supply and Service Employees.

In developing mutually advantageous ties, the trade unions involved will regularly inform each other concerning the basic directions and thrusts of their own activities; and they will facilitate the establishment of direct contacts between the power engineers and other power-industry employees of both countries. It is intended to have an exchange of delegations, specialists, and experts. It is likewise planned to set up direct contacts between the workers of related enterprises in these two countries.

The ceremony of signing the agreement by the leaders of the two trade union organizations involved was attended by leading officials of the corresponding sectorial trade unions from the Central Asian republics, as well as from Kazakhstan, Azerbaijan, and Turkey. They exchanged opinions with regard to the problems of strengthening ties.

The conversation proceeded to specifics. The parties involved intend to exchange delegations and tourist groups, facilitate the health of their members' children in specialized rest camps in the Central Asian countries, as well as in other countries.

Particular attention was focused on combining efforts to protect workers' rights, along with the inclusion of Central Asia's and Kazakhstan's sectorial trade unions in the international organization of electric-power employees' trade unions.

As Kh. Samatov, chairman of the Central Committee of Uzbekistan's Electric-Power and Electrical-Engineering Employees Trade Union, noted, such agreements as this open up new possibilities for developing international relations; they provide a powerful impulse for strengthening the trade-union movement; and they facilitate the strengthening of workers' social protection.

Diplomatic Relations Established With Vatican

93US0113A Tashkent PRAVDA VOSTOKA in Russian
17 Oct 92 p 1

[Announcement by the Republic of Uzbekistan Ministry of Foreign Affairs: "On Diplomatic Relations Between the Republic of Uzbekistan and the Vatican"]

[Text] The Republic of Uzbekistan and the Holy See of the Vatican have decided to establish diplomatic relations and have adopted a joint communique to that effect.

This communique states that the Republic of Uzbekistan and the Holy See of the Vatican, desiring to develop mutual relations, have established diplomatic relations at the ambassadorial level on the Republic of Uzbekistan's part and a Vatican papal nuncio on the part of the Holy See.

The communique was adopted in Tashkent on 17 October of this year.

ARMENIA

Supreme Soviet Official on Work of Parliament*93US0098A Yerevan YERKIR in Armenian 29 Sep 92 p 4*

[Interview with Artashes Tumanyan, deputy chairman of the Supreme Soviet of the Republic of Armenia, by AZAT MAMUL correspondent Nairi Badalyan: "'I Am for a Parliament of Full-Time Legislators'"]

[Text] Following a year of fruitless election process, Artashes Tumanyan was elected deputy chairman of the Supreme Soviet of the Republic of Armenia at the 23 September Session of the Supreme Soviet. AZAT MAMUL correspondent Nairi Badalyan interviewed him.

* * *

[Badalyan] How would you rate the present state of the legislature's performance, and what steps do you anticipate will be taken to improve it?

[Tumanyan] There is no need to dramatize the performance of the legislature. The same situation which prevails in the republic is encountered in the legislature. I do not think that there are any particular secrets to raising the level of work organization. Traditional means exist for that purpose. We should be able to activate the presently existing structure of the legislature. I think that certain changes are needed in the operations of the commissions. The focal point of lawmaking activities must be transferred there. The legislature should only certify the work already carried out by the commissions. But of course we cannot place our hopes on organizational work alone; we should be able to use other instruments as well. The parliament leadership can direct its work more constructively with party groupings and deputy groups. And, in my opinion, such tendencies are already noticeable in work carried out by the chairman of the Supreme Soviet.

[Badalyan] What role do you see for yourself in this process?

[Tumanyan] I do not have problems working with people and I can see myself getting along with all deputy factions and groups. I also intend to find ways to utilize the abilities of around 60 percent of all deputies, individuals who do not belong to any party factions or deputy groups, in the Supreme Soviet's lawmaking activities. Unfortunately, at this time I have no ready prescriptions for carrying this out.

[Badalyan] Based on what principles will the relations between the legislative and executive powers—the Supreme Soviet and Government—be grounded?

[Tumanyan] I believe there are several important elements in the relations between executive and legislative powers which need to be addressed. First of all, one should not forget the principle of separation of powers. That is, they should be linked to one another only at points of contact where there are quite a few commonalities. All attempts to encroach upon one another's domain of activities are doomed to failure. They should work together in a number of areas, one of which is organization of lawmaking

activities. At the present time, according to traditions which are being carried out as well as existing relations, especially in the area of economic legislation, the Government on the whole submits its draft proposals, the commissions carry out expert examination, while the legislature accepts and passes them. I think that this way of organizing activities is natural; it merely must become more efficient. For that it will be necessary to strengthen feedback, to incorporate alternative variations of activity by independent specialists, as well as to encourage immediate acceptance of bills initiated by the legislature itself. I think that the possibilities of cooperation between the legislative and executive branches are far more extensive than the reasons for opposition between them.

[Badalyan] In your opinion, which are the laws of priority importance to be passed by the legislature that can solve at least some of the fundamental problems which have arisen in our republic?

[Tumanyan] There are many of them. And perhaps we should not dwell on any one in particular. At the present stage, the importance of such laws is felt especially in the area of making improvements in the political system. Let us say, for example, the Constitution. If this Parliament were able in the near future to adopt the Constitution without unwarranted delays, it would have carried out a historic mission.

[Badalyan] How would you expect the forthcoming legislature to be?

[Tumanyan] This question will be studied soon. I am co-author of one of the bills which have been submitted. For this reason I have certain preconceived notions. On the whole, I am for a Parliament of full-time legislators. Any working group which wishes to ensure high-quality product must consist of professionals. Lawmaking activities are of such importance that one should not engage in any other employment. But as a result of circumstances we have a part-time legislature, and it is time to raise the question of removing the non-professionals (by denying the right to vote or by taking away their credentials). Should we establish a full-time legislature based on existing members, or should we simply call for new elections? I believe that these are the alternatives in establishing a legislature of professionals.

[Badalyan] Which is your choice?

[Tumanyan] I believe that in understanding the utmost importance of having a Parliament of full-time legislators, we must choose at this time the road of gradual improvement. We must utilize all possibilities which will lead to a path of professionalism. In my opinion, this is a far better approach than the variation of radical reforms, which will tie us up in debates for months. And this will simply make our work more difficult. By performing cosmetic changes, only after solving certain problems should we end the activities of the legislature. Only after this Parliament passes the law on the electoral system and the Constitution can new elections be set.

Parliament Debates Law On Privatization

93US0125C Moscow NEZAVISIMAYA GAZETA
in Russian 3 Nov 92 p 3

[Article by Armen Khanbabayan: "Everything In Our Parliament At The Present Time Is The Same As In Russia"]

[Text] Deputies to the Supreme Soviet of Armenia came to blows over the campaign for privatization.

Recently, the work of the Supreme Soviet of Armenia forces one to assume that the republic's highest legislative organ has fully exhausted its opportunities, or that at least it is in need of very serious reform. Meetings are being disrupted on a regular basis owing to the absence of a quorum, and the number of draft laws that have not been adopted or not even discussed is increasing. The deputies themselves are aware that nothing is being accomplished, and from time to time they try to reorganize their work, but with no results. Nor did the decision by the presidium to impose fines upon those parliamentarians who neglect their responsibilities prove to be of assistance. In the opinion of the deputy chairman of the Supreme Soviet, Artashes Tumanyan, all of the symptoms of a profound crisis in legislative authority are evident. Moreover, it is not quite clear how this crisis can be overcome. Today the situation is such that any small group is capable of blocking the discussion and adoption of a law or decree that it deems unsuitable. According to the vice-speaker, the activity of the deputies is quite high. Unfortunately however, this is not being reflected in the results of their work. The tense situation that prevails in the Supreme Soviet today cannot be described as business-like in nature.

If you please, the only serious achievement of the parliament has been the adoption of the law on privatization and denationalization. However, it turned out that the advocates of liberalization of the economy celebrated their victory too early. The members of the parliamentary faction of the Dashnaksutyun party voted against this draft law and, after suffering defeat, they resolved to continue their fight at the next stage, at which point the parliament began discussing the mechanisms for implementing the laws. The Dashnakis, as socialists, do not approve of the idea of extensive privatization and, under the conditions of the actual war into which Armenia has been drawn, consider it to be ruinous. They declared that they will not participate in the parliamentary committee for controlling the course of privatization, without which the law cannot be placed in effect. And a deputy from Dashnaksutyun, Kazinyan, added that in his opinion the ruling Armenian Pannational Movement [AOD] does not require any special privatization, since its people have already appropriated everything that was available. Following this, AOD group members Asatryan and Petrosyan, who were outraged, "applied force" to Kazinyan directly in the hall and the deputies had to separate the ideological opponents. The chairman of the mandate committee, Ashot Voskanyan, condemned the criticism as being unsubstantiated, while noting simultaneously that it provided no grounds for assault and battery. Asatryan, who

had cooled off by this time, apologized. However, immediately thereafter, recalling that he was the chairman of the Committee for Public Health, he suggested that Kazinyan was intoxicated and demanded that he undergo a medical examination. "So be it!"—was the immediate reply from the Dashnakis. Thus the chairman of the mandate committee now had reason to state that the present situation in the Armenian Parliament resembled that in the Supreme Soviet of Russia. This was stated but without enthusiasm.

Local observers expressed the opinion that the scandalous tricks within the walls of parliament became possible owing to the fact that speaker Babken Ararktsyan was visiting a number of West European countries. In his absence, the deputy chairman was unable to hold the deputies within the bounds of decency. Certainly, it is quite possible that the return of Ararktsyan will aid in calming the passions somewhat, but will it promote an improvement in the obvious and chronic parliamentary crisis? As a result of the worsening confrontation, the deputies were unable even to discuss the very urgent question with regard to overcoming the republic's grain shortage, for which purpose a special parliamentary session was convened. However, unable to solve the grain problem, the parliamentarians nevertheless provided the people with entertainment.

New Minister of State for Defense on Return to Government

93US0079C Yerevan AZG in Armenian 19 Sep 92 p 1

[Report on press conference held in Yerevan on 18 September 1992: "Vazgen Manukyan: 'I Could Not Remain an Outsider: the Very Existence of Artsakh Is at Stake'"]

[Text] The question of Artsakh, creation of an army, of defense and military industry are questions which will be addressed by our former prime minister Vazgen Manukyan, who is now acting minister of state for defense. Yesterday at a press conference held at the Supreme Soviet conference hall, he once again recalled a statement he had made a year ago, that the Artsakh question is the key to our nation's future. At the same time he noted that he has no secret weapons which would lead to a resolution of the Artsakh question. Instead he underscored the importance of our nation's unity, first in reference to Karabakh and secondly in dealing with the issue of a national army. He noted, however, that the morale and psychological atmosphere existing in our republic does not favor it. Vazgen Manukyan repeated once more that we are not an ordinary nation and that we should be able to separate issues which are of a fateful significance to our nation from those which are of secondary importance. "We must develop a clear foreign policy," he said. And what is the reason for Manukyan's return? Is it a tactical step devised jointly with the President, or is it an attempt not to carry the entire responsibility on one's own shoulders? In response to this question the minister of state brought forth certain comparisons and replied that there had been no games involved. It just happened that when he left the administration he was at that moment on the outside, among the opposition. But now he no longer can remain an outsider,

because the very existence of Artsakh is at stake. Mr Manukyan also stressed the importance of the role he played in the Artsakh movement and noted that he must be able to carry out his responsibility to the very end. When asked whether this time he would have support, Manukyan answered that many sharp differences which existed between him, Levon Ter-Petrosyan and the HHSH [Armenian National Movement] at that time have diminished, and he hopes that part of the people and different parties, with whom he will be happy to cooperate, will support him. The minister of state also discussed in a self-critical manner the time he was prime minister, saying that "I blame myself. I should have been more decisive." As far as the present is concerned, he is getting ready to introduce qualitative changes in areas entrusted to him. Toward the end of the press conference, when talking about ties with the AZhM [Azgayin Zhoghovrdavarneri Miut'yun (National Democratic Movement)], Vazgen Manukyan noted that the break is of a formal nature but that the National Alliance has not yet lost its mission.

Ter-Petrosyan Interviewed on Term in Office

93US0049C Yerevan RESPUBLIKA ARMENIYA
in Russian 10 Sep 92 p 1-2

[Interview with President of the Republic of Armenia Levon Ter-Petrosyan by Tatyana Likhanova, for the St. Petersburg newspaper SMENA, dated 2 September 1982; place not given: "About Love, Volition, and Presidential Lot"]

[Text] "Upon becoming president I lost the most important thing in my life, that which I consider my life's calling, as well as that which gave me enormous pleasure—my scholarly activities," stated SMENA interviewee Levon Ter-Petrosyan, a doctor of philological sciences, member of the Union of Armenian Writers, of the French-Asian Society, of the Mkhitarist Academy in Venice, and recipient of an honorary doctorate from the University of La Verne.

In that distant year 1946 a family of repatriates arrived in Armenia from Syria with meager possessions and boundless love for their new land, a love mixed with tenderness and ache of longing. They brought with them their son Levon. Nobody at the time realized that this 18-month-old child would become the first president of an independent Armenia. Nobody at the time had any notion of when they would gain their freedom and experience the rebirth of Armenian statehood, which had been lost a century ago. For their son there lay ahead years of a brilliant scholarly career and years totally dedicated to the national liberation struggle, the student freethinking of the 1960's, and the time of trial of governmental authority which would ensue 30 years hence. The "father of perestroyka" would put him away for half a year in Matrosskaya Tishina ["Sailor's Rest" Prison in Moscow], while Jacques Chirac would make him an honorary citizen of Paris. Subsequently Ter-Petrosyan, together with other members of the Karabakh Committee, upon returning home from Moscow prisons, would be met at the Yerevan airport by hundreds of thousands of their fellow countrymen, unashamed of

their tears, and would be carried along flower-strewn streets to Freedom Square, where during a period of many months million-strong crowds at mass political rallies would listen to his every word with hope and delight. And yet two years later his presidential palace, cordoned off by police lines, would be picketed by thousands of people demanding the president's resignation following the latest defeats in the Karabakh war.

[Likhanova] How willing are you to grant an interview and, speaking in general terms, how pleasant or unpleasant for you are meetings with reporters? Does it depend on your mood, how busy you are, or some other factor?

[Ter-Petrosyan] For me it is not a matter of disposition or disinclination. I consider this part of my job. And when I have something to say, I myself seek out reporters.

[Likhanova] If you received a request for an interview by that reporter who four years ago called you, in the newspaper IZVESTIYA, for example, an extremist who was leading the people toward an abyss, a stooge of imperialism, as well as other things, would you agree to be interviewed by him?

[Ter-Petrosyan] That would be quite an interesting interview.

[Likhanova] Are you a person who holds a grudge?

[Ter-Petrosyan] No, not at all.

[Likhanova] You give the impression of being a very restrained, sometimes even impassive individual. Has anybody or anything ever caused you to lose your composure?

[Ter-Petrosyan] I try not to yield to such pressures. Equilibrium is the most important quality for a person in politics.

[Likhanova] As you see it, what causes people to be angry at you, and what causes you to be angry at yourself?

[Ter-Petrosyan] Well, people get mad at me for all kinds of reasons. Even if you were an angel in heaven, they would still lay on the wood—that is the way politics is. As for being angry at myself, it is not so much angry as being concerned when a situation or policy loses clarity. That is the worst thing, as I see it. I do not become confused even in the most difficult situation, as long as there is clarity.

[Likhanova] If you encounter antipathy on somebody's part, do you resort to the device of humor?

[Ter-Petrosyan] Humor of course always saves the day. I do not like half-measures: either one must reply in a very serious fashion, sharply and incisively, or laugh the matter off.

[Likhanova] Your most recent battles with one of your parliamentary opponents, "eternal dissident" Paruyr Hayrikyan, ended in a quite unexpected fashion: in response to his criticism of you regarding your "inability to protect the country's borders against an aggressor," a presidential edict was issued, appointing Hayrikyan commandant of one of the

border rayons. On this occasion were you "responding with humor," or is this an example of a "stern" decision?

[Ter-Petrosyan] A little of both. Let him show that he can do the job (incidentally, my edict was preceded by a talk with Hayrikyan, during which he gave his consent to the appointment). Perhaps that energy with which he organizes political rallies practically on a daily basis will bring benefit to all if it is directed into another, constructive channel.

[Likhanova] Have you ever had the desire to make any of your enemies into friends? And on the other hand, in recent years have you not had the occasion to part ways with close associates, sacrificing attachment for the sake of the interests of state?

[Ter-Petrosyan] I do not consider it possible to "make" friends, nor will I ever resort to such a thing. In addition, just as love, a friend comes at his own volition and also leaves at his own volition. In the past my life was such that there existed a certain circle of individuals—we were united by scholarship or by certain social ideas—while now this circle has become greatly enlarged. And perhaps I now have more friends. Although of course it has become necessary to part ways with some. It unfortunately happens that a person you thought you had known well for a period of 20 years turns out to be quite different from what you thought....

[Likhanova] Could you also perhaps have changed as well?

[Ter-Petrosyan] That is a difficult question to answer. Others could perhaps see it more clearly. My extremely busy schedule leaves practically no time for self-searching. Although everybody must at least once in a while get off alone by himself, away from everything else, in order to listen to and understand what is going on within himself. The majority of politicians have no time for this, and probably every one of them has lost a great deal of that which comprised his inner world, of that which is lost if it is not called upon. As for myself, perhaps I am indulging in a bit of self-delusion, but maybe as a consequence of the fact that I still do not feel that I am a politician, it seems to me that all that which was valuable and significant has remained with me.

[Likhanova] What degree of frankness do you allow your friends—in public and in private?

[Ter-Petrosyan] One could call this our main principle: from the very establishment of the Karabakh Committee and right up to the present—complete openness and frankness with one another. Those same traditions have also been preserved on the board of the Armenian National Movement: I have the most frank and to-the-point conversations within this forum. Everything people say about me in the Parliament is nothing compared to what I hear at the Karabakh Committee or the board of the Armenian National Movement. No artificial boundaries are set up; everything is discussed openly and frankly. And I greatly appreciate this. If we start dissembling with one another, that will be it: we shall lose the truth.

[Likhanova] What did you lose upon becoming President?

[Ter-Petrosyan] I lost the most important thing in my life, that which I consider my life's calling and that which gave me enormous pleasure—my scholarly pursuits.

[Likhanova] What about your freedom?

[Ter-Petrosyan] I have always felt free. Free in my own domain, in the field of scholarly endeavor, for example, I fully called the shots. As regards societal freedom, that is what we have recently achieved.

[Likhanova] Nevertheless it is rather difficult to believe that a statesman can possess absolute personal freedom. For example, if you felt like just fooling around, like kids do, could you do so?

[Ter-Petrosyan] I simply don't have the time to fool around. It is true that sometimes I spend time on leisure activities with my son and put aside the press of business—when we play pool or go swimming. A 17-year-old, he is much more serious than I was at his age, and more educated, but sometimes he acts just like a kid, and I with him.

[Likhanova] Do you have any weaknesses? (Of course if such information does not fall within the domain of state secrets).

[Ter-Petrosyan] I never thought about it. Perhaps I am too trusting. In fact I am too trusting, but not in matters of politics. On the contrary, in politics I trust nothing.

[Likhanova] Can a president allow himself to fall in love?

[Ter-Petrosyan] Of course! After all, I am only human....

[Likhanova] It seems to me, however, that this would involve certain difficulties.... You, for example, are always accompanied by bodyguards. This would have to cause certain problems.

[Ter-Petrosyan] One can fall in love while sitting at one's desk. But if you are talking about another phase of personal relations.... that would indeed be out of the question.

[Likhanova] What a pity.

[Ter-Petrosyan] Yes, that would be out of the question.

[Likhanova] Sharp tongues assert that during the election campaign you were the most popular adult male in the republic and that it is precisely your male charm which has held your presidential ratings so high. What special things do you look for in a woman?

[Ter-Petrosyan] Beauty. Femininity. All other attributes can be found in all women.

[Likhanova] Are you guided in your life—both as a man and as a politician—solely by sober calculation or by feelings as well? By hope, for example.

[Ter-Petrosyan] Calculation is of course the main thing. Calculation based on information. But very frequently, when there is insufficient information available, intuition helps. Hope, however, in my view is a rather diffuse notion. I very rarely rely on intuition. During the four years of existence of the Karabakh Committee, we developed such a feeling for the situation that it became totally

automatic, and we rarely erred in assessment of events and in choosing the necessary moves. And if I am a political leader, it is solely thanks to the Karabakh Committee. It was an enormous learning experience. Such a swift pace and such a requirement of instant and flexible decisions, that over the course of these four years we most likely acquired as much experience as others in a normal situation acquire over a period of perhaps 40 years.

[Likhanova] **Teddy Boy, hero of a Salinger short story of the same name, claimed that if the apple eaten by Adam in fact did contain logic and knowledge, until such time as mankind becomes sick on this apple it will not gain knowledge of the true state of affairs and will not know happiness. You—a well-known scholar and an educated man who knows a great many languages, even the names of some of which are hard to pronounce—have you ever wanted to spit out this apple?**

[Ter-Petrosyan] Yes, it indeed sometimes seems that intelligence and reason are a hindrance, that man has been wrested away from nature. And happiness lies in nature.

[Likhanova] **Can you, an elected leader of your people, find words to define your people?**

[Ter-Petrosyan] I think that my people are the same as all peoples. I have never liked the idea of setting peoples off against one another. I do not accept this and I do not understand it. And I especially do not understand that delusion of grandeur, that superiority complex shown by some peoples or, on the other hand, an inferiority complex. The Armenians, for example, have had an inferiority complex—that was the most awful thing for me, although I could understand why this complex existed: both historical and political circumstances had developed in such a manner that similar feelings had arisen in all the peoples of the empire (more in some and less in others). This was particularly marked in the Armenians, however. Thank God we have overcome it.

[Likhanova] **But it frequently happens that precisely wounded feelings and a feeling of inferiority become an exaggerated consciousness of one's own superiority....**

[Ter-Petrosyan] That is true. This is also very dangerous, especially in a period when appreciable changes in the destiny of a people, the gaining of independence, etc. give rise to euphoria, a very dangerous thing, a leap to another extreme. And this is being felt today in some former Soviet republics. Interestingly enough, however, it is not occurring with the Armenians. We have overcome our inferiority complex, but we have not fallen into euphoria. Nevertheless our historical experience has been an influencing factor.

Returning to the subject of the specific characteristics of the Armenian people, however, I would perhaps name an industrious and enterprising nature—it is for this reason that we have very high hopes in connection with a market economy.

[Likhanova] **It seemed to me that there is also the characteristic of naiveness, in the good sense, almost childlike in nature.**

[Ter-Petrosyan] Yes, that is true. There is both naiveness and trustfulness.

[Likhanova] **Do there exist any places, customs, or ways of life which would suggest to you that perhaps another homeland might be more suited to you?**

[Ter-Petrosyan] No. Never. Although I am very drawn by the East—perhaps due to my area of specialization. I once visited Shah Abbas Square in Spain—I had never in my life seen greater beauty and I had never felt more powerful emotion.

[Likhanova] **A great deal binds you to our city: it was in Leningrad that you completed your graduate studies at the USSR Academy of Sciences Institute of Oriental Studies. It was there that you defended your candidate's dissertation, and it was there that you 15 years later defended your doctoral dissertation. But in addition to academic degrees, you also brought from the banks of the Neva your wife, a Leningrad TV reporter. You also left teachers and friends in Leningrad. What do you like the most in St. Petersburg, and where would you be inclined to go first of all, if you were to visit our city once again?**

[Ter-Petrosyan] I would go to the library at the Institute of Oriental Studies. It is a great place to get work done.

[Likhanova] **So—you would spend days on end in the library?**

[Ter-Petrosyan] I would also definitely go to Kamenny Ostrov [Rock Island]. I really love that place. You don't have any feeling at all that you are in a big city.

[Likhanova] **You were a young child when you first set foot on Armenian soil. Do you recall your first impression of Armenia?**

[Ter-Petrosyan] I don't remember Syria, nor do I remember moving here. My first recollection is from 1949. We were living in Yerevan, in a working-class district, six of us crowded into a single room measuring less than 10 square meters. There was also the mice. When my younger brother and I were left home alone (I was four and he was three—I took care of him while my parents were out trying to earn a living), the mice were the most awful thing. We would burrow under the covers, trying to hide from them.

[Likhanova] **You are no longer afraid of mice?**

[Ter-Petrosyan] (Smiles and replies in the negative)

[Likhanova] **What for you symbolizes Armenia?**

[Ter-Petrosyan] It is hard to name something specific, perhaps because I am an historian and perceive my country as an integral historical image. For me everything in its history is highly meaningful and sacred. Every stone, every valley (and not only of our present Armenia but of historical Armenia as well) is a living picture for me. And perhaps I shall sense the entirety of Armenia in some one single stone.

[Likhanova] Nevertheless, if you close your eyes and speak the word "Armenia," what do you see?

[Ter-Petrosyan] In 1982 we were in Karabakh. As we were driving through the mountains, we stopped the car and got out. There was forest all around. It was late autumn. The ground was covered by yellow leaves, and on the leaves there were bright red ripe cornelian cherries. I shall never forget that scene.

[Likhanova] Can what happened in Armenia in 1988 be called a revolution? And does there exist for you the romantic concept of revolution?

[Ter-Petrosyan] Yes, it was a revolution in the sense of societal transformation. And not only for Armenia but for the entire former Soviet Union. After all, everything is changing: both the system and the ideology. But I would say no as regards political forms. They were purely constitutional changes. And, thank God, that is the way things happened in all republics of the USSR. We avoided the Romanian variation. This is the greatest achievement and proud accomplishment of the former Soviet republics. And Russia in particular: if anybody could have wrecked something in the peaceful implementation of changes, it would be Russia. But it did not do so, and herein lies its historical mission.

As regards romance of revolution.... We are accustomed to revolution generally involving destructive force—all mankind can attest to this. It is another thing altogether if we define romance of revolution as freedom and societal changes. I do not accept the romance of destruction.

[Likhanova] The Armenian experience has shown that it is possible to carry out changes without employing violence. And I am not talking merely about the use of raw military force....

[Ter-Petrosyan] ...and the suppression of dissidents, for example? No, we had none of that.... We dealt very mildly with the Communists. We have had no witch hunts. And I believe that sooner or later this will show its effect. The reverse is not only useless but dangerous.

[Likhanova] If you had the power not only to give orders but also to carry out that which you feel is the absolutely correct course, would you do so against the will of the majority?

[Ter-Petrosyan] But how would this be possible? After all, the majority have certain instruments for limiting power. It is another thing altogether when there are certain truths which are not accepted by the majority. Then I must convince the majority with the aid of weighty arguments, and I am capable of doing this. In any case I have been successful up to the present. Until you convince people, it is impossible to implement one's plans. There are laws, there are limitations and, in the final analysis, there are conventions which one must acknowledge.

[Likhanova] Have you ever done something which you would like to keep secret forever, so that nobody ever found out about it?

[Ter-Petrosyan] Of course in childhood we did things which remain our inner shame.

[Likhanova] Only in childhood?

[Ter-Petrosyan] Well, perhaps during youth as well.

[Likhanova] Is there anything that you fear?

[Ter-Petrosyan] Fear? Let us use another word—concern. I am indeed sometimes concerned about making sure that we do not disrupt the societal balance, that we do not make a mistake in foreign policy (because the interests of many forces intersect here in Armenia, and one must be able to get out of a difficult situation without sustaining losses). I am concerned over the fate of that cause for which I bear responsibility. But fear... I personally do not fear anything.

[Likhanova] What about death?

[Ter-Petrosyan] No.

[Likhanova] Because you have had it with this kind of life?

[Ter-Petrosyan] I simply do not think about death. In my opinion, it is precisely this which saves people. If people are constantly thinking about life and death, then existence on this earth will become a living hell.

...

When I asked my final question: "What would you like most of all right now?"—I was expecting to hear something which as I would see it corresponds to the desire of a fundamentally normal individual, a person not exhausted by politics, official visits and the constant presence of bodyguards, such as: "To go skinny dipping in Lake Sevan." But he replied quite seriously: "Peace."

And he smiled. That naive Armenian smile.

Measures to Protect Environment Considered

93US00794 Yerevan AZG in Armenian 18 Sep 92 ~ 3

[Article by Armine Ohanyan: "Solution For Preventing Ecological Disaster Is Transition to Paid Utilization of Resources"]

[Text] *Armenia's Greens find the size of fees levied to be ludicrously small. And where are they going to come up with the money? Their assets are tied up in goods lying in storage, enterprise executives claim.*

...

To determine the optimal structural variant of human society, one need merely examine the ecological condition of the territory on which that society conducts its activities. When the question is approached from this angle, our societal system is far from receiving high marks. The ecological state of our republic is calamitous—such is the conclusion based on studies made by the Ministry of Environmental Protection. And one should not assume that everybody at the ministry is a pessimist by nature. By simply examining the question of environmental problems a bit more deeply, every individual approaching this question with bright optimism will arrive at the same conclusion.

Here is the picture: ecological disaster, extreme pollution of the environment, and total absence of intelligent utilization of natural resources. The Ministry of Environmental Protection is making efforts to correct the situation.

in some measure. This difficult problem, however, entrusted to the enthusiasm and hope of a group of specialists, is not an easy one to solve. We want to believe that the resolution by our Government in April of this year, entitled "On Establishing Fees for Exploitation of Natural Resources and Environmental Pollution," is a major stride along the road toward solving the problem. This resolution, initiated by the Government (a similar resolution was adopted in Russia in 1991) includes fees to be paid by establishments and enterprises for exploitation of natural resources and for environmental pollution. In addition, it is anticipated that means will be implemented for managing and administering fee payment for exploitation of natural resources and that a republic fund for environmental preservation will be established.

To become acquainted with the mechanism of clarifying and carrying out this resolution, we visited the above-mentioned ministry. The head of the economic division, Norik Hunanyan, explained that in the past fines set for environmental pollution were of a symbolic nature and that means of punishment were totally ineffective. At the present time that is being changed to realistic fees, which are determined by the amount of waste produced.

The resolution is still in the process of being formed; a final say on methods and principles has not taken place. The Ministry of Finance is acting with certain delays. Following final clarifications, industrial enterprises will be given methodological instructions on utilizing ways to exploit natural resources. Then enterprises will have to complete appropriate documents in connection with exploitation of natural resources, dealing, for example, with utilization of water, building materials, and minerals. The tax inspectorate must enforce imposed fees. Monitoring responsibility within each domain is placed on the water distribution and sewage system, on the Armenian Industrial Building Materials Association, and on housing and public utilities and services authorities. Taking into consideration the fact that there are certain to be cases of deliberate concealment of facts, the ministry shall act as the oversight entity. Sums accumulated from the payments shall be distributed between the rayon council budgets, the ministry's environmental protection fund, and the state budget. The percentage ratios in this distribution have not yet been determined. All these amounts will be directed toward implementation of environmental protection measures.

The ministry's environmental protection fund is being prescribed to promote the implementation of broad environmental protection programs. Enterprises which have environmental protection programs will be granted loans or allocated amounts from this fund. Or let us say that an interesting project has been developed, a project which local industrialists find difficult to accept. The ministry will finance the project. When the project commences to pay off, the ministry will be repaid the loan. Lyudvig Nazaryan, chief of the republic inspectorate of the Ministry of Environmental Protection, cited the Vanadzor "Rubin" Plant as an example in this connection. In connection with the plant's production of carbide, he had

ordered an engineering design package from one of the Saint Petersburg institutes. Upon receiving the project documents, however, he discovered many mistakes and deficiencies. Specialists at the Yerevan Information Institute expressed readiness to carry out the same work. Their proposed version was less expensive, more energy-efficient, and required a smaller workforce. However, plant executives had a preconceived notion about everything created in Armenia and refused the new design package. If the ministry had its own sources of financing, it would have paid for that work and would have implemented the project. All would have been winners in the final outcome, and the biosphere first and foremost.

The resolution will provide such an opportunity to the ministry. However, as Mr Hunanyan mentioned, the resolution also has opponents. Certain specialists consider it superfluous, in view of the fact that the fee levying procedure must be incorporated into the tax law in a specified manner. In any case the purpose of the resolution is to keep those in check who take advantage of exploitation of natural resources and pollute the environment. It will convince people that it is more beneficial to improve production with limited expenditure, to reduce emissions, and to purchase equipment to install nonpolluting production processes than costly, endless fees reaching into the millions, despite the fact that at the ministry they also anticipate the financial inability of enterprises to comply. However, all shall be done to make it reality.

In order to substantiate the above, we shall cite a few figures from the table of fees specified for exploitation of natural resources. In the case of commercial sale and consumption, a fee of 1,200 rubles per cubic meter of mineral water is prescribed. The corresponding fee for medicinal use of mineral water is 600 rubles. The extraction fee for copper ore is 0.28 rubles per tonne, 20 rubles per gram for gold ore, 20 rubles per cubic meter for granite, etc. In the case of discharging harmful substances into the atmosphere, a fee of 75 rubles per tonne of nitrogen oxide is specified, 600 rubles for hydrogen sulfide, 10,000 rubles for lead, 1,000 rubles for phenol, etc. Use of a devaluation factor is planned, a re-examination of fee amounts, and it is also possible that a steepening scale of fees will be applied in the case of exceeding allowable amounts of discharge.

At our request Mr Nazaryan submitted a partial list of enterprises which have flagrantly exceeded permitted amounts of discharge into the atmosphere (the resolution will hit them first and foremost): the Yerevan Regional Heating and Power Plant, the Nairit Scientific-Production Association, the Polyvinyl Acetate Association, the Chemical Reagents Plant, the local construction materials combine (the old gypsum plant), the new gypsum plant, the Industrial Rubber Products plant, the Armenian Chemical Machinery [Hayk'immek'ena] Association, the Vanadzor "Rubin" Plant, the Ararat Cement Association, the Hrazdan Cement Plant, and the Hrazdan Hydroelectric Power Station; of the mountain quarry industry enterprises—the Agarak, K'ajaran, and Kapan combines; the

Vanadzor Leather and Fur Goods Factory, the sewer systems of all cities and towns, etc.

A negative effect on amounts of emissions, stated Mr Nazaryan, is exerted by interruption-type shutdowns in industry. Emissions are drastically lower when the chemical industry is operating in a smooth, uninterrupted manner, which becomes impossible especially with winter approaching. However, when studying the dynamics of the republic's environmental condition, there was noted a reduction of discharges as a result of production decrease in recent years and installation of new technologies and equipment.

Following submission of the official opinion in connection with this resolution, we decided to approach the republic's Greens organization, who are staunch supporters of the fight to protect the environment. While welcoming passage of the resolution, Hakob Sanasaryan spoke very negatively about the size of fees set, stating that they are laughably low. Mr Sanasaryan explained that the need for the resolution in our republic was long overdue, but fee rates should have proceeded from practical realities. He noted that re-examination and correction of existing deficiencies of the resolution is expected. Only after that will its productive application become possible.

In connection with the resolution we also spoke with Mr Aghajanyan, director of the Industrial Rubber Products Plant, which exceeded allowable amounts of discharge into the atmosphere, in order to learn his views on the matter. He was not familiar with the resolution and, after acquainting himself with it, doubted the possibilities of its realization. "First of all, how will the local councils handle the fees collected from us? I doubt that they will serve environmental purposes," said the director. "In addition, our products are presently stored in warehouses. We are unable to sell them, and have no revenues to pay wages. How are we going to be able to pay fees?"

Environmental Protection Minister Interviewed

93US0079B Yerevan YERKIR in Armenian 19 Sep 92 p 4

[Interview with Minister of Environmental Protection Karine Danielyan by Armine Hakobyan: "All Aspects of an Alternative Are Also False"]

[Text] At a time when the bread problem is preoccupying all of Armenia, it seems superfluous to talk about the environment. Just as yesterday, however, this issue is of the same pressing urgency today. In 1989 the nuclear power plant was shut down. This left us believing that we had accomplished our task, forgetting that pollution is caused not by the nuclear power plant alone. There is another winter ahead of us. And both aspects of the alternative present a danger for us: the environment, or energy? For clarification of this and similar contradictory fundamental issues we address Minister of Environmental Protection Karine Danielyan.

[Hakobyan] Mrs Danielyan, in your view, how will the fundamental question facing us be solved: in favor of the

nuclear power plant, which will eliminate the shortage of energy, or in favor of preventing poisoning of the environment?

[Danielyan] In all probability our "environmental" interview will continuously involve problems dealing with energy and the economic crisis. But what can we do? It is a fact that it is impossible to imagine solving basic problems dealing with the environment without considering these problems within the context of the economic system. They are interlinked.

Yes, there is a profound energy crisis in Armenia, as a result of which our economic complex is paralyzed. This situation indirectly affects preservation of the environment: we only need mention cutting of trees, and using Lake Sevan as a source of energy. And, of course, the fundamental question of the nuclear power plant. I was a member of a government commission, and I know that the ministries of environmental protection and health have a negative attitude toward the plan dealing with resumption of operations of the nuclear power plant. However, I can understand the economists and industrialists, who are doing everything to carry out that plan, bringing forth the following arguments: in case of a protracted energy crisis, the possibility of death of the nation is far greater than the possibility of an earthquake which could cause a nuclear accident.

The Ministry of Energy is trying to find an alternate solution to the problem: plans for small hydroelectric power stations are being developed. Several projects have already passed the environmental muster and have been approved. The "Atsukh" [Coal] program is being developed: certain steps are being taken in the direction of developing alternative energy. However, all these undertakings demand time and input.

For the coming 2-3 years, Lake Sevan on the one hand and the nuclear power plant on the other are being considered as a realistically feasible energy source. Both are unacceptable from the environmental point of view.

[Hakobyan] Armenia's capital today is a peculiar example which can serve for studying the air pollution problems of many of the world's large cities. Industrial enterprises operating in Yerevan, thermal electric power facilities, and tens of thousands of automobiles have brought it to such a state.

What improvements have taken place in the last 2 or 3 years?

[Danielyan] That is true. A peculiarly complex situation of atmospheric pollution, which needs to be studied seriously and from many aspects, is characteristic of Yerevan. I have dreamed of having the opportunity to study the toxic haze in the city of Yerevan, enabling me to carry out a serious science and technology project. And now, when it seems like I am given that opportunity, I am unable to carry it out. Under existing conditions, when as a result of the energy crisis laboratories are having difficulties in accomplishing work performed in the past, when because of

gasoline shortages sample collection has become more complicated, I have been forced to postpone execution of the project.

It is a paradox: the economic crisis has certain "positive" environmental consequences. For example, in 1991 aggregate emissions of pollutants in Yerevan was 44,000 tonnes, while in 1986 that figure totaled 84,000 tonnes. This is not a result of installation of new antipollution equipment or new technologies, but rather a result of shutdown of industry.

On the other hand, sometimes also when plants resume their operations, because of the intermittent stoppage of gas and electricity, which has a disruptive effect on production processes, burst-type emissions take place. In this case our agencies, in accordance with the law, levy fines on the enterprise, although its culpability is only partial under the circumstances.

Automotive emissions have also decreased. Even though gasoline quality has worsened, total gasoline consumption has gone down. In this area productive work is being accomplished in reducing the amount of fumes emitted by motor vehicles. Positive changes are expected in the future.

[Hakobyan] Our problems dealing with the environment do not pertain to the city of Yerevan alone. This is a fundamental issue which applies to the entire country. People are especially concerned by the fate of Lake Sevan.

[Danielyan] The fundamental issue in relation to Lake Sevan is one of Armenia's pivotal environmental issues. Ways to improve quality of the water are known: restoration of the lake's water level (even if just partially), and elimination of the flow of wastewater toward Lake Sevan.

Studies show that the lake has exceptional capability for self-cleaning. One merely needs to extend some assistance. In recent years, thanks to inflow from the Arp'a River, Lake Sevan's water level has begun to rise. Certain work is being carried out also in the direction of reducing the amount of industrial and communal wastewater discharge and agricultural runoff into Lake Sevan. In the last two years, however, in order to receive power from Lake Sevan, approximately 510 million cubic meters of water was discharged (150 million cubic meters in 1991, and 360 million in 1992). According to calculations, this use of the lake's water corresponds to a 43 centimeter drop in water level. One must also take into consideration that last year there was abundant rainfall; otherwise the losses would have been more appreciable.

[Hakobyan] It is our understanding that a national environmental program is also being developed.

[Danielyan] The first stage is the national plan formulation process. The environment is not a separate, independent domain. Therefore practically all problems must be addressed jointly with other ministries and scientific research institutes. Such joint activities have already commenced. In addition, integrated plan drafting and testing is also being developed in various domains of the economy.

This means that all our plans and all activities are inter-linked. We should also note that a closely-integrated economic system for solving fundamental environmental issues has been proposed. It has received government approval and will soon be adopted.

However, no problem can be solved by any government without the assistance of the people. Let me cite a few examples. First, there is the matter of chopping down trees on the territory of our republic. It is understandable that under cold winter conditions many people chopped down roadside trees to heat cold apartments. This is intolerable: healthy mature trees as well as saplings were cut down in addition to dead trees. Trees are being cut for other purposes as well: to build garages, or to have a fresh pine tree for seeing in the New Year. This is absolutely intolerable.

The second example is a criminal act being committed by garbage truck drivers. Exploiting the fact that gasoline is a highly valuable commodity, they do not haul the garbage all the way to the dump, but dump it in various parts of the city (especially in green areas). They sell the unused gasoline or put it to personal use.

AZERBAIJAN

Impact Of Price Deregulation Assessed

93US0125B Moscow ROSSIYSKAYA GAZETA
in Russian 3 Nov 92 p 7

[Article by Arif Useynov, Baku: "Azerbaijan Has Overtaken America"]

[Text] Price deregulation in Baku is keeping pace with Moscow. After spending several hours in the Malakanskiy Garden of the well-groomed square in the center of Baku, one recognizes that we are all at the mercy of the dollar. The second-hand dealers in currency are prepared to satisfy any demand—it appears that they do not view the banks as competitors. A surprising development is the fact that they are not accepting the national currency.

Moreover, not everybody is annoyed—the financiers believe that a full-blooded life is not far off: in all, a need exists for creating an appropriate currency fund. However, nobody knows just how much time is needed for accomplishing this.

It is said that large currency "infusions" are being awaited from those western oil corporations and firms with whom Azerbaijan signed contracts for the development and exploitation of petroleum and gas deposits in the Caspian. Here it is believed that Azerbaijan has all of the potential needed for extracting oil at the level of Kuwait and the emirates, provided western investors furnish assistance in the form of the latest technologies. And here, naturally, the mutual accounts of the parties involved are maintained on a dollar basis.

Today, in the opinion of many, the ideal variant is to develop an economy that would not be dependent upon foreign currency. However, this requires time. The best wishes take shape in the form of raised wages—indexing is

approximate and does not cover the living wage. According to data furnished by the republic's Goskomtrud [State Committee for Labor], 92 percent of the population of Azerbaijan, or 6.6 million people, today have less than 700 rubles monthly per capita, with the minimum consumer basket amounting to 3,200 rubles per month. Of a working population of 3.9 million, only 1,856,000 individuals have permanent jobs. And this is without taking into account the residents of border regions and refugees. The daily expenditures for the war in Karabakh withdrew from the treasury enough funds to satisfy the living wage for 10,000 individuals.

Under these conditions, the well-being of the national economy, which by no means is capable of overcoming the inflationary processes, leaves a great deal to be desired. In terms of the costs for many goods and services, the national economy is close to price parity with England and the U.S.A. The prices for airplane tickets, hotel rooms, tea, coffee, furniture, dishware, footwear and wool are so expensive that they have in fact overtaken those in America. When roughly 100 rubles are needed for obtaining a container of insecticide for combating cockroaches, it is not a case of blind-man's-buff. A new merchant reasons roughly as follows: this same container costs two dollars in Ankara, three dollars in Teheran and in the state of Virginia—five dollars. Is it possible that the cockroaches in those areas are better than ours?

In the scheme of values required for normal human existence, cockroach insecticide is not considered to be an item of primary need and yet the mechanism for determining its price unfortunately is the same as that employed for cream butter, bread and other goods.

Musavat Party Resumes Activity

93US0147A NEZAVISIMAYA GAZETA in Russian
12 Nov 92 p 1

[Article by Aydyn Mekhtiyev under "Azerbaijan" rubric: "The Political Spectrum Has Become More Varied: The 'Musavat' Party Is Renewing Its Activity in the Territory of the Republic"]

[Text] At the end of last week at the third congress of the "Musavat" national-democratic party that was concluded in Baku, it was declared that after this political force is renewing its activity in the territory of Azerbaijan after an interruption of 72 years. The presence of President Elchibey and members of the Government of Azerbaijan as honored guests there was evidence of the importance of the forum.

What was the reason for such close attention of official circles of Azerbaijan to a political party that is not even registered yet with the Ministry of Justice? The fact is that the origin of the statehood of Azerbaijan in 1918-1920 is linked with the name of the "Musavat" party, and Mamed-Emin Rasul-zade, the founder of the "Musavat" party in prerevolutionary Russia, was the first head of the independent Democratic Republic of Azerbaijan. At the third congress of the "Musavat" party, the party chairman was elected: Isa Gambarov, the current speaker of the National

Assembly (parliament). They also determined the composition of the leading body of the party, the Central Council. A blue flag with a magnificent star and half-moon became the symbol of the party. "Musavat," which now has about 3,000 members, still remains within the ruling People's Front and therefore shares its policies. "Musavat" Chairman Isa Gambarov proclaimed the minimum task: his party firmly intends to be victorious in the multiparty parliamentary elections set for the spring of 1993. Several months before, the National Independence Party of Etibar Mamedov declared its wish to become the leading force. It, however, in contrast to "Musavat," is in strict opposition to the current regime. It is most likely that the main struggle in the course of the coming electoral campaign will be between these two parties. Geydar Aliyev, the leader of Nakhichevan autonomy, also has chances for success during the preelection battles. According to numerous public opinion surveys, he is one of the most popular political figures of Azerbaijan. And although Geydar Aliyev declared during the presidential marathon in Baku in the spring of this year that he does not wish to be involved in the political fight, his recent actions indicate precisely the opposite: at the end of October, Aliyev agreed to head an organizing committee in Nakhichevan to establish a party, which received the name "Yeni Azerbaydzhan" ("Restoration of Azerbaijan"). As is apparent from the name of the party, it does not intend to limit itself to the scope of Nakhichevan. And finally, one must not overlook the party "Vozgurd" ("Gray Wolves") headed by Iskander Gamirov. According to some information, it numbers about 20,000 people and its popularity is linked with the name of the current Minister of Internal Affairs Gamidov, who was one of the leaders of the operation to free the Karabakh rayons Geranboy (Shaumyanovsk) and Agdara (Mardakert) from Armenian formations. The party "Vozgurd," just as "Musavat," still belongs to the People's Front but, whereas the leader of "Musavat" Gambarov heads the moderate wing of the front, the chairman of the party "Vozgurd" reflects the moods of the radical members of the front.

Commission Reports on Khodzhal Massacre

93US0147B Moscow IZVESTIYA in Russian 14 Nov 92
Morning Edition p 2

[Article by Sokhbet Mamedov: "The Tragedy in Khodzhal Could Have Been Prevented"]

[Text] The investigatory commission of deputies to clear up the circumstances of the tragedy in Khodzhal brought out a summary report at a session of parliament. The meeting was broadcast on republic television.

This was done at the request of commission members who had declared the day before that they intended to publicize some extremely important facts that the broad public must know. In a two-hour report that was given at the meeting by the deputy Ali Omarov, responsible secretary of the commission, they showed the chronology of events leading to the horrible tragedy of Khodzhal and reproduced a picture of the cruel crime committed against the peaceful population of this small town. On the basis of materials

collected in the process of the work, as well as testimony, the commission came to the conclusion that the mass extermination of the inhabitants of Khodzaly on the night of the 26th to the 27th of February of this year was a pre-planned action by Armenian armed formations of Upper Karabakh and that the 366th Regiment then stationed in Khankendy (Stepanakert) took direct part in its realization.

It was found that about 4,000 citizens were in Khodzaly at the time of the tragedy. According to preliminary reports, 450 persons died during this cruel operation, 400 were wounded, about 80 persons were missing, and 20 people were taken hostage. The overwhelming majority of them were women, the elderly, and children. Seven hundred people received bodily injuries of varying degrees of severity.

The commission also believes that the leadership of the republic had every opportunity, by organizing the defense of the town, to prevent the tragedy and to evacuate the population with minimal losses. In the opinion of members of the investigatory commission, this did not take place because of errors made in the selection of personnel and the nonperformance of official duties by former President Mutalibov, former Prime Minister Gasanov, Minister of Internal Affairs Kerimov, Minister of National Security Guseynov, chief of the General Staff of the Ministry of Defense of the republic Musayev, and others.

The discussion of the report continued far into the night and was resumed the next day.

Former KGB Chief Protests Innocence

*93US0125A Moscow RABOCHAYA TRIBUNA
in Russian 11 Nov 92 p 2*

[Article: "Letter Of A KGB General To The Public Prosecutor of Azerbaijan"]

[Text] Political life in Azerbaijan has entered a new phase and the republic is involved in the prolonged and agonizing process of analyzing two former opponents—the national front and the communist regime.

A national meeting of Azerbaijan recently abrogated one of its own laws, one which guaranteed the inviolability of ex-president Ayaz Mutalibov. The civilized stage in the shift in power has yielded to a program implemented in some European post-communistic countries. The Minister of Internal Affairs has declared that the ex-president will be apprehended and returned to Baku in handcuffs. Rumors exist that the latter is hiding somewhere in the Moscow area. Certainly, this cannot be the Chilean Embassy. Thus it must be assumed that the process of extraditing the former first communist of Azerbaijan will be brief in nature.

But the present government is still searching for A. Mutalibov. The former chairman of the KGB, V. Guseynov, has been arrested in Baku. The charge he is accused with is not as extensive as that facing A. Mutalibov and yet it is sufficiently stern—participation in the "request" for Soviet forces in January 1990, which brought about many victims, the organization of an explosion in a local television center, and so forth. Last Friday, the Azerbaijan press published an open letter by this retired KGB general addressed to Public Prosecutor I. Shirinov. In it, V. Guseynov denied his guilt and rejected the accusations made against him.

"Similar to any citizen of Azerbaijan," wrote V. Guseynov, "I automatically ask each time I recall those days that were filled with horror, bloodshed and true human suffering: could the tragedy have been averted?" If there was a chance of saving people doomed by the inevitable turn of events, it would depend upon the political behavior of the main opposing sides—the National Front of Azerbaijan and the republic's communist party. During those days, the influence of the NFA [National Front of Azerbaijan] and its authority among the masses was enormous and unquestionable. The communist party, which was greatly constrained and deprived of initiative and trust owing to a lack of will on the part of its own leadership, turned out to be incapable of solving the Karabakh problem and was forced to silently endure a great amount of merciless criticism.

I am confident that if, during those days and hours, the authority of the NFA and the organizational potential of the Central Committee of the Communist Party had succeeded in acquainting the people with the possible consequences of military opposition and if the sides finally had recognized the need for coordinated actions, at least during this particular stage and with regard to this specific question, then a great amount of bloodshed could have been avoided.

According to V. Guseynov, the former political leadership of the republic and certain leaders of the National Front of Azerbaijan, who are now occupying high positions, were responsible for the bloody events which took place in Baku in January of 1990. An investigator drew the conclusion that today no individual from the former leadership nor any leader of the NFA possesses the moral right to govern.

During the November holidays, V. Guseynov was transferred from a KPZ [pretrial detention cell] to the central Bailovskaya Prison. Spaces have been prepared here for individuals from the former ex-president's circle. The investigation and court proceedings promise to be complicated. Certainly, these processes will not improve stability or tranquility within the republic. Only the future will reveal the extent to which the new Azerbaijan will remain impartial to the higher political situation.

GEORGIA

Gamsakhurdia Interviewed on Current Events

93US0146A Moscow VEK in Russian No 13,
6 Nov 92 p 2

[Interview with Zviad Gamsakhurdia by Aleksandr Chumikov: "Zviad Gamsakhurdia: 'I Would Be Pleased to Go to Moscow': The President in Exile Gives Us an Interview"]

[Text] Grozny. A separate red brick house with a rather high fence. I ring the door bell. The gate opens and a youth shelling seeds comes out with an assault rifle.

"Can I photograph the residence?"

"No, you cannot."

"What about a meeting with Mr. Gamsakhurdia?"

"Give me your papers, I will go ask."

Soon we are crossing the large yard with Great Danes and a "Chayka" with knocked-out headlights and we go into the entrance hall. Here there is a second guard, who searches me and asks me to wait. After a few minutes, they tell me to go upstairs into the reception room.

It is a medium-sized office with ordinary working furniture. It has a video system and a Xerox machine. On the table are newspapers, manuscripts, and a thick biography of George Bush in English.

"I agree to an interview but first write me a statement that you will not distort what I say." Gamsakhurdia places a pen and a piece of paper in front of me. I meet this condition.

"And one other thing. Do you commit yourself to call me 'Mr.' President in the press?"

[Chumikov] I commit myself to call you Zviad Konstantinovich. Besides, the elections are over in Georgia....

[Gamsakhurdia] There were no elections! This is the latest disinformation that is being spread by your press. In the first place, the elections were illegal and unconstitutional. What kind of election is it when there is one person on the ballot and he receives 95 percent of the votes?! In Tbilisi, they used threats to gather together some people at a few representative precincts. In most regions, if someone did not come, they brought him by force and actually arranged open voting: under the barrels of assault rifles they forced the people to circle the name of Shevardnadze with their pencil. I have hundreds and thousands of proofs that there were no elections in Georgia. I remain the legitimate president of Georgia.

[Chumikov] What is your prediction of the development of events in Georgia?

[Gamsakhurdia] It is very negative. A criminal mafia has grabbed power and the economic catastrophe is getting worse and worse. They are already reporting on television that three to five people are dying of hunger every day in Tbilisi. This is untrue. Many more are dying, several dozen

people. And things are even worse in other cities, especially in Abkhazia, where they are carrying out a real genocide. The rights of the Abkhazians must be respected more.

[Chumikov] More than you once respected the rights of the South Ossetians?

[Gamsakhurdia] We also respected the rights of the South Ossetians but they wanted much more than we were offering them. They wanted an independent republic in our territory. But this is not the situation in Chechnya and Kabarda, which were never Russia but became part of it only after the 16th century.

Yes, the Abkhazian people always lived in Abkhazia. But they are a national minority and their rights must be respected as the rights of a national minority that does not have the right to separate this territory from Georgia and declare it an independent state. This land is traditionally Georgian. In any case, a military solution to the problem is the greatest crime.

[Chumikov] Zviad Konstantinovich, what is your attitude toward the processes in Chechnya?

[Gamsakhurdia] Every nation has the right to self-determination. One cannot force a people to join some state. For this reason, there is nothing terrible about the fact that Chechnya has declared its independence. In the person of a free Chechnya, Russia will acquire an ally, friend, and the most reliable state. Where can they go away from Russia? They have no way without Russia. Just as for Georgia. Whether these relations are confederative or some other, I do not want to impose my opinion. In any case, they will be relations of equals. The time of colonialism has passed and to bring it back is a hopeless cause. And in principle, I am not very informed on the situation in Chechnya. I live in seclusion, in isolation.

[Chumikov] How do you intend to influence the situation in Georgia?

[Gamsakhurdia] If you mean military intervention, I have no intentions at all. For me a return to power through military means is not obligatory. Our strength is in our righteousness. For several months now, I have been challenging Shevardnadze to direct debates on television. He refuses....

[Chumikov] By the way, why do you think that Shevardnadze came to this hell? It would seem that he could live probably rather well somewhere else.

[Gamsakhurdia] Apparently he could not. A campaign against Shevardnadze began in Russia and the eyes of many were opened to his evil deeds. It can be said that he ran away from Russia. He had no other choice: as you say, either you have it all or you have nothing.

[Chumikov] Since we have already touched on personalities, let us continue this theme. What is your attitude toward Gorbachev and his role now?

[Gamsakhurdia] I do not pity him. They want to make Gorbachev into a great political figure and hide all of his

crimes. After all, he was the head of the most terrible mafia in the world—the CPSU, which did so much evil. Baku, Vilnius, and Tbilisi—Gorbachev has them all on his conscience. The CPSU must be tried in something like Nuremberg rather than what they are now demonstrating in the form of the Constitutional Court. This is no trial at all but verbal acrobatics.

[Chumikov] And what can you say about Dudayev?

[Gamsakhurdia] I sometimes confer with Dudayev but he makes all the decisions by himself in accordance with his position. And it is a difficult position. Russia, unfortunately, is blockading the Chechenskaya Republic. This is inhuman and wrong, for here the Russian population is 30 percent. Why is Russia punishing Russians? Local Russians are sending letters to Yeltsin and saying: leave us alone, no one is oppressing us. This is not the same as in the Baltics. In Chechnya, the Russians have the same rights as the Chechens in everything. So it is senseless and inhuman to blockade Chechnya.

[Chumikov] What, in your opinion, happened to Valeriya Novodvorskaya?

[Gamsakhurdia] She was brutally beaten in Tbilisi and barely escaped death. They beat her because Novodvorskaya called for citizens to come to a mass public meeting. I asked her not to go to Tbilisi but she answered: I want to expiate the wrongs that my people have done to your people. I want to atone for all the evil that my country caused your country. She meant the revolt against me by Transcaucasian military people together with Georgian putsch leaders. But from the very beginning Novodvorskaya was my enemy and wrote horrible things about me. Then she said: I was deceived, just as were hundreds of thousands of Russians. Of course the yellow communist press made me into a monstrous figure like Hitler, Saddam Husayn, and perhaps someone else. Novodvorskaya then forgot what the newspapers once wrote about the Russian dissidents. They wrote about them what they are now writing about me. But still, she recognized the truth and I appointed Novodvorskaya as my adviser on human rights.

[Chumikov] One last question: Are you preparing to go to the capital of Russia in the near future?

[Gamsakhurdia] I would be pleased to go to Moscow if I knew that there are legal guarantees of my personal protection. But official Moscow is now acting like an ally of Shevardnadze's criminal gang. Of course I will go if I receive an official invitation from the government of Moscow or Russia. They have every reason to send such an invitation to me, the president of Georgia.

REGIONAL AFFAIRS

Direct Baku, Yerevan Talks Proposed

93US0148A Moscow NEZAVISIMAYA GAZETA
in Russian 11 Nov 92 pp 1, 3

[Article by Aydyn Mekhtiyev under "Azerbaijan" rubric: "Can There Be Talks Between Yerevan and Baku?: Abulfaz Elchibey Ruled Out the Possibility of a Military Alliance with Turkey"]

[Text] According to a report from the information and analysis section of the Ministry of Defense of Azerbaijan, fighting has continued in the past days on the Armenian-Azerbaijani front but no attempts by the Armenian side to take offensive actions were observed. Meanwhile, the presidium of the National Assembly of Azerbaijan received an appeal from 56 deputies of the Armenian Parliament, in which they propose the start of direct bilateral negotiations with no preliminary conditions. The text of the appeal of the Armenian deputies has not yet been published and therefore it is difficult to say which specific political forces of Armenia put forward the new initiative. It is known, however, that as early as 24 September the agency AZERINFORM, referring to reliable sources, reported that the leaders of the Armenian Pannational Movement (AOD), the Republican Party, the Christian-Democratic Party, Union for Constitutional Law, and the bloc "Consent" [Soglasie] of Armenia appealed to the political forces of Azerbaijan with the initiative to begin bilateral negotiations in Moscow.

The idea of direct talks between the leading political forces of the two republics arose as early as the end of 1989, when at the initiative of the Baltic republics talks were held between the AOD and the NFA [People's Front of Azerbaijan] in Riga. But these negotiations did not lead to any specific results. In November 1991, after the crash of an MI-8 helicopter in Nagorno-Karabakh that resulted in the deaths of Azerbaijani statesmen, the leadership of the AOD appealed to the leadership of the NFA with the initiative for a renewal of bilateral consultation but the leaders of the NFA did not respond to this proposal by the Armenian side. Now, almost a year later, however, after the fierce military actions in Nagorno-Karabakh have exhausted both sides, the chances for direct bilateral talks between the ruling AOD and NFA in Armenia and Azerbaijan, respectively, appear realistic.

On 15 October, the leaders of the social democratic parties and national committees of the Helsinki Citizens' Assembly of Azerbaijan and Armenia, who participated in the work of the international seminar "We Are Against Force," appealed to the heads of the governments of Azerbaijan and Armenia "to make every effort for the most rapid conclusion of the senseless war between the two countries." The appeal of the 56 deputies of the Armenian Parliament was discussed at the end of last week by the deputies of the National Assembly of Azerbaijan but so far there has been no specific response. The speaker of the Azerbaijani Parliament, Isa Gambarov, thinks that the initiative of the Armenian side should be studied carefully, for time is needed to organize bilateral talks.

Ashot Bleyan, member of the board of the AOD and deputy in the Armenian Parliament, was in Baku on the 7th and 8th of November. He consulted with official persons of Azerbaijan. Local observers point out that this was the first visit of such a high-ranking Armenian representative to Baku during the entire time of the Karabakh conflict. At the same time, however, Bleyan's visit to Baku was private in nature and the leadership of the AOD did not authorize him to negotiate with the Azerbaijani side.

Officials in Baku note that the leadership of Armenia lacks a unified position on the problem of talks with Azerbaijan. Thus, Deputy Defense Minister of Azerbaijan Rza Kyazimov stated in an interview with the correspondent of NEZAVISIMAYA GAZETA that the recent removal of Vazge Sarkisyan, who signed the Sochi and Moscow agreements on a cease-fire, from the post of minister of defense indicates a strengthening of the supporters of a hard line in the Armenian establishment. Kyazimov, who headed a delegation of military experts in these talks, thinks that a compromise could be achieved if the Armenia delegation showed good will.

A confidential conversation was held at the end of last week in Baku between President Elchibey and Vladimir Kazimirov, head of the Russian delegation at the Rome negotiations. In the course of the meeting, according to official sources, they discussed the possibility of the renewal of peace talks under the aegis of the CSCE [Conference on Security and Cooperation in Europe]. At a press conference in Baku on 9 November, President Elchibey highly valued the peacemaking efforts of Russia and ruled out the possibility of a military alliance between Azerbaijan and Turkey. In his words, the Karabakh conflict must be resolved on the basis of the principles of the CSCE.

ESTONIA

Envoy to Moscow Jüri Kahn on Ties with Russia

93UN0221A Tallinn PAEVALEHT in Estonian
29 Sep 92 p 2

[Interview with Jüri Kahn by Toomas Sildam: "'Moscow Awaits' - Replies Jüri Kahn, the Estonian Ambassador to Russia"]

[Text] [Sildam] Moscow has lately sharpened its tone toward Estonia and has threatened to implement "rigid policies."

[Kahn] Neither the Russian Supreme Council nor its government have, as of yet, issued any kind of an official document. The news that our eastern neighbor is preparing anti-Estonian economic sanctions represents a brief summary of the discussions carried on during a session of the Russian governmental council. Under discussion were relations with the Baltic states in light of the decision made by the Russian parliament on July 17 and the elections that took place in Estonia. During the council's session it was indicated that economic sanctions were indeed possible. However, so far I have not seen any documents pertaining to this.

[Sildam] At the session of the Russian governmental council, their rigid attitude was caused by the Estonian elections of September 20, from which almost the entire Russian-speaking population was excluded.

[Kahn] There are a number of features in Estonian-Russian relations which call forth anticipated protests by Russia. The elections represented a concrete instance, which was considerably exaggerated.

[Sildam] The government councilor Elmar Rahumaa called this "Soviet-style thinking," which is apparently normal at a time of the disintegration of the empire.

[Kahn] I don't want to be undiplomatic. I will only say that, in light of the current internal political conditions in Russia, the statement made by their government council was completely logical and expected. It would have been surprising if it had not been made.

[Sildam] How much does the gain of power of the right-wing faction in our parliamentary elections disturb Russian politicians?

[Kahn] Difficult to say. It took the Russian government half a year to get used to the activities of the Tiit Vähi administration. Only then did they understand that the Vähi administration did not plan to declare war on Russia or pursue policies hostile to Russia.

Therefore, their present stand toward the forthcoming new government is provisionally on hold. Moscow wants to reach an understanding that the new administration does not wish to do anything that may greatly strain Estonian-Russian relations and may lead, for instance, to events similar to those in Moldova. Trust must be earned in the course of time, it will not emerge by itself.

[Sildam] How great is the probability of economic sanctions?

[Kahn] This depends, first of all, on the way Estonian policies are viewed on an international level. As long as Western governments support our policies, we need not have serious fears that the sanctions will become extremely difficult for us. Their refusal to sell us resources for heating fuel engineering could be predicted already several years ago. There is nothing surprising about that. On the contrary, we may wonder that, under current conditions in Russia, anything at all is sent to us.

[Sildam] Tallinn and Moscow argue, for the most part, over our citizenship law. The Russian side tries to lean on the agreement covering Estonian-Russian relations, while the Estonian politicians maintain that the granting of citizenship is a question of internal legislation of each sovereign state. Is this disagreement at all solvable?

[Kahn] I do not think that under present conditions it is possible to find a mutually satisfactory solution. Of course we cannot rule out the fact that Russia must reconcile themselves to some conditions. The future will show whether Estonia will be forced to make certain concessions. If we must do this because of international pressure, it is an inevitability. Strictly legally, and according to international justice, there is no basis for accusing Estonia for discrimination. But at the same time, from the point of view of practical politics and the position of individual citizens, we have been reproached by the East as well as the West.

[Sildam] Recently, the Moscow ambassador was quoted with the thought that parliament has the authority to change Estonian legislation in a way that would forestall accusations of discrimination against our Russian-speaking population.

[Kahn] The question regarding the authority of our Parliament is of interest to many in Moscow. During the last few weeks I have been questioned almost daily by foreign correspondents: what are the powers of Parliament in reviewing laws that have already been passed. My answer is simple: as a consequence of the September 20 elections, Parliament has been given by the electorate complete power to legislate Estonian affairs in a manner fitting and beneficial to the Estonian people. If some laws and decisions currently in use, which were enacted by the Supreme Council, do not meet the interests of the Estonian people or damage their international reputation, there is total justification for making appropriate corrections.

[Sildam] What will happen to Estonian-Russian negotiations? Will they cease?

[Kahn] It is not expedient for either side to continue negotiations on sharply disputed questions until the position of the Estonian parliament on these questions has been clarified. I find it completely natural that negotiations can continue only when Parliament will give an appropriate mandate to what will probably be a new delegation. Naturally, this will be accompanied by most

precisely defined instructions, which the Estonian delegation must follow during future negotiations.

This does not mean that all work is altogether discontinued. Consultations among experts and meetings of task forces can continue in order to discuss "side issues."

[Sildam] Is it difficult for the Estonian ambassador to Moscow to clarify our positions?

[Kahn] Yes it is. Our opponents' arguments can be easily overturned because their absurdity is very clear. What complicates things however is the fact that a logical clarification "does not reach them." In addition, lately it has become clear that there are only a few people in Russia who understand Estonian politics, who support it and who acknowledge that Estonia has truly the right to act as it does. We are essentially at "stage zero" and must begin anew our enlightenment campaign.

[Sildam] How can the development of Estonian-Russian relations be predicted?

[Kahn] I do not wish to make predictions regarding a situation when it is not completely clear who will lead the Estonian government, what form the Estonian government will take and what is the parliament's and administration's position in Estonian-Russian relations. Because we have no knowledge of any of this, no prediction can serve a realistic purpose.

As long as the current Russian government continues to exist, we can expect fairly normal relations. At least, we can be sure that this government does not wish to provoke explosive incidents by means of special intrigues. However, if an alternate administration gains power (from groups that are actively blaming Russian leadership for excessive liberalism toward the Baltics), then of course we can expect a lot of unpleasantness.

Caution is the most precise term that must be used as a keyword for Estonian-Russian relations.

TOOMAS SILDAM

Dvigatel Director on Firm's Export Plans

93UN0221B Tallinn PAEVALEHT in Estonian
23 Sep 92 p 1

[Article by Argo Ideon: "Prime Minister Learned About Dvigatel"]

[Text] Yesterday, Prime Minister TIIT VAHI and Minister of Industry AKSEL TREIMAN visited the "Dvigatel" factory. Representatives from the press were invited to accompany them.

Vladimir Galkin, managing director of the state-run enterprise "Dvigatel" and Ants Pilving, his deputy, familiarized the guest with the factory's layout, production facilities and the product. At present, "Dvigatel" employs approximately 4,000 workers in total, of whom more than 3,000 are directly involved with production. In spite of the general economic downturn, "Dvigatel" has succeeded in standing out among other enterprises for its increased production. One of the clearly indicative reasons is the fact

that the new management has begun to make vigorous use of existing opportunities and is successfully developing ties with Western partners while at the same time not forgetting the East.

Raw Material and Energy Problems Have Not Evaded "Dvigatel"

Because the price of energy transport and gas as well as water has increased several times, "Dvigatel" has, according to its general manager Galkin, made it a goal to cut its energy consumption by half. Energy consumption constitutes approximately 30 percent of the cost of production at the factory. In the opinion of the Prime Minister, this indicator is quite normal, as in many Estonian enterprises it is as much as 50 percent. It is Tiit Vahi's view that one of the main goals of our industry should be to reduce energy consumption. At "Dvigatel" the cost of raw materials constitutes approximately 30 percent of the production cost and the cost of wages about 20 percent.

Vladimir Galkin said that until year-end the factory is well secured with raw material supplies and orders. On the other hand, plans are being made to increase production next year, which will include exports to the West. "Frequently, our orders are, indeed, one-time orders, but we are trying to obtain also longer-term agreements - even up to the year 2,000," claimed Galkin. Orders from our Western partners constitute approximately 20 percent of the production. We plan to increase this percentage. In response, the Prime Minister remarked that this should not be done at the expense of our ties with the East, because numerous Western firms coming to Estonia are interested primarily in access to the Russian market.

Tiit Vahi stressed also the need to abide by the government's decision in placing a limit of 20 percent on the profitability of government-run enterprises. Excessive profitability results in skyrocketing prices, so that the product cannot be sold and, consequently, government may be asked for assistance. The Prime Minister gave us the well known example of the three to four thousand tonnes of butter being held in storage.

"Dvigatel" Will Be a Holding Company

The government-run corporation "Dvigatel" is already in the process of becoming a private enterprise or a so-called holding company, under which all its production units and the state companies form an independent corporation. It started out as a state-owned enterprise and, gradually, became a producer. As the deputy general manager Ants Pilving clarified, the first workshop-style corporation was formed under the name of "Dvigatel-Scanweld," in which the Swedish firm Scanweld is a 23 percent participant. Also, a corporation named "Hackman-Dvigatel" has been formed, of which 60 percent is owned by Hackman. At the same time, many uncompleted buildings will be utilized for the cardboard plant "Enelini" and, in collaboration with "Dvigatel," a sewing workshop, as well as a printing press in collaboration with the Journalists Union (a competitor for the one located on Pärnu highway). Also, with the participation of Finnish and Canadian firms, it is

planned to develop timber felling technology and, together with the Finns, to produce boilers and thermostats. On the other hand, it is planned to simplify and decrease the management structure of the enterprise as much as possible.

Vladimir Galkin did not make any requests to the government except to have freer hands in managing the enterprise. *"The best help is: do not interfere in our work!"* was his opinion.

While, until August 20 of last year, "Dvigatel" was the figurehead for strike movements instigated by mischief-makers, now one can see many changes in the factory. In conclusion, the President stated: *"When I saw on the screen, a couple of years ago, workers on strike, I noticed sour and dissatisfied faces. Now I can see with my own eyes that your people have a different attitude - their minds are not attuned against anything but for the work that needs to be done."*

ARGO IDEON

Interpol Center Chief Tenusaar on Crime Issue

93UN0221C Tallinn PAEVALENT in Estonian
8 Sep 92 p 10

[Article by Jaanus Putting]

[Text] On July 1 of this year, the Interpol Estonian National Central Bureau was formed as an adjunct to the Police Department. This represented the first step since December 9 of last year, when our government backed the Estonian police in joining Interpol. Officially we are not members yet. However, this question will be discussed at the annual Interpol General Assembly session on November 4 - 10, at Dakar, the capital of Senegal.

Bureau chief **ARNOLD TENUSAAR** spoke in greater detail about Interpol and the current activities of the Interpol Estonian National Central Bureau. He is a graduate of the mathematics department of Tartu University and the Academy of the Interior Ministry of the Soviet Union, and has worked for considerable time at the information center of the Estonian Interior Ministry and, subsequently, as an observer at the Police Department.

A BIT OF HISTORY

Interpol is an international criminal police organization. The need for it already developed in Ancient Greece, when the slave of an aristocrat stole goods from his master and escaped to Alexandria. The slave owner wrote down a description of his subject and sent it to the authorities in Alexandria. It is not known if this slave was caught. However, it is clear that an interstate network was considered important already then.

Interpol as an organization came into being in 1914, in Monaco. At that time, the head of the Principality of Monaco, Duke Albert I, convened the first congress of the International Criminal Police. The second congress took place in 1923 in Vienna, where the predecessor of the present day Interpol, the International Criminal Police Commission, was formed with headquarters in Vienna.

The next congress convened in 1926. That was the first time when the Estonian police delegation participated. However, Estonia did not join the organization but maintained an observer status. The name Interpol was adopted only in 1946, at which time its headquarters were moved from Vienna to Paris. Now, the headquarters have been moved from Paris to Lyon.

WHAT DOES INTERPOL DO?

Interpol's primary function is to coordinate, at an international level, the war on crime by the police forces of its member nations. The organization is prohibited to interfere with any political, religious, racial and military problems.

Interpol acts as a "mediation agency" among the police forces of different countries in crime detection and apprehension of criminals. Among its duties are also information exchange and the coordination of police organizations of different countries with a view to preventing the "exportation" of crime to other countries.

For instance, if a crime is committed in country "X" and it is known that the criminal has escaped to some other country, then the officials of the Interpol central bureau of country "X" will contact the other country's central bureau. There, its central bureau works together with the local police until the criminal is apprehended in accordance with the laws of the country. In practice, Interpol officials do not get involved with the search and apprehension of criminals. That task is left for each country's own criminal police.

Interpol's general assembly acts as its working organ and meets once a year. Under the jurisdiction of the general assembly is the executive committee headed by the president. The executive committee is a responsible organ which monitors the execution of decisions made by the general assembly. The general secretariat is a permanent working organ of Interpol. It is managed by the secretary general, who is also chief of Interpol as a whole. Right now an Englishman, Raimond Kendall, fulfills the duties of the secretary general.

The activities of the member nations, which now number 150, are carried on through national central bureaus. The national central bureau must represent Interpol in its country and its country at Interpol. The central bureau must also be a member of its national law enforcement association. In our case, it is the Police Department.

MEMBERSHIP FEE 134,000 FRENCH FRANCS [FF]

At the general secretariat of Interpol there is an information bank containing files on counterfeiters, terrorists, drug dealers, art work and automobile thieves who are wanted throughout the world. (There is information on approximately 2 million persons, including 200,000 criminal fingerprints, 10,000 photographs, etc.) Our central bureau employees will also be able to access the international information bank, either to add information or to obtain it. However, this will occur only when we are fully

qualified members of Interpol. Before that, we must fulfill certain requirements for membership candidates - for instance, establish a national central bureau.

All member nations have equal status in the organization. However, membership fee varies in accordance with the size of the country and its economic conditions. Upon becoming a member, there is an additional entrance fee in the amount of FF260,000. Membership fee for Estonia is, however, FF134,000 per annum.

Arnold Tenusaar indicated that right now there are still a lot of difficulties in exchanging information with the police of other countries. For instance, the Finnish police have a great deal of information on offenses committed in Finland by Estonian citizens. This information will be sent to Estonia only when the latter is a member of Interpol. On the other hand, the Estonian bureau has, already now, a working relationship with their colleagues in Finland. At present, the Finnish bureau represents us at Interpol headquarters and has assumed the role of an intermediary between Estonia and the rest of the world.

THERE ARE NOW TWO PERSONS AT THE ESTONIAN CENTRAL BUREAU

There are now two persons employed at the Estonian central bureau: the director and his deputy. In the future, when we become members of Interpol, there will be six employees, in addition to two investigators and two office workers. According to Arnold Tenusaar, our Finnish colleagues have predicted that six persons will not be sufficient to handle growing crime problems. That is why it has been planned, in a more distant future, to increase bureau personnel.

In hiring Interpol officials, preference will be given to policemen who have previous work experience and who speak English and French.

An Interpol official has to deal with international organized crime, assassinations and assassins, terrorists, kidnappers, currency, securities and art forgeries, economic crimes and the narcotics market. Also with so-called money laundering, which has become an international problem. Arnold Tenusaar stated that the Estonian bureau is already dealing with some such cases, involving a couple of million dollars. At the same time, they are collaborating with their Swedish colleagues in an attempt to clarify a "black" metal market. In total, the Estonian bureau is currently handling four serious cases, in the solving of which they are in contact with other bureaus. It is yet too early to discuss these cases in more detail.

Arnold Tenusaar said that Estonia needs Interpol very much because, even though economists, for example, have difficulties in building "bridges" to other countries, international criminals built their "bridges" long ago so that the "black" narcotics and arms market is in full bloom. In order to prevent this, we need a strong organization.

Our conversation with Arnold Tenusaar began with the thought that many films have been cranked out and many

bestsellers written, in which the heroes are Interpol macho men and super detectives who lead an adventurous life among whizzing bullets and flashing knives but who come out as masters of every situation. Actually, this is far from reality. Such artistic works have only created a "heroic aura" around Interpol. In actuality, Interpol is an office similar to all the others.

JAANUS PUTTING

Siim Kallas on Kroon Stability, Foreign Trade

93UN01884 Helsinki HUFVUDSTADSBLADET
in Swedish 9 Oct 92 p 9

[Article by Katarina Koivisto: "Estonian Currency Strong but Inflation High"]

[Text] The Estonian currency unit, the kroon, has lived up to expectations. The kroon has totally eliminated the use of other currencies in Estonia and the currency reserve is getting stronger all the time. Estonia's economic future is positive, even though the situation can appear somewhat chaotic at times, according to Siim Kallas, head of Estonia's central bank, Eesti Pank.

The kroon (EEK) is one of the few currencies that maintained its value and even became stronger during the turbulence that characterized the currency market in Central Europe during the fall. When Estonia introduced its own currency in July it was tied to the German mark and the result is that the kroon was revalued in relation to the Finnish mark, for example. When it was introduced in July one Finnish mark was worth almost three kroons, today the exchange rate is down to 2.50.

"We know the German mark deserves the credit for the stability," said Kallas who has seen no big problems from the revaluation so far. "But the Estonian economy should now reach the point where it is also possible to put an end to constantly rising prices and allow businesses to improve economically."

"The consumer price index in Estonia is rising by over 6 percent a month and the annual inflation rate is around 80 percent," Kallas said. That is a problem but the fact that Estonia's import revenues have also risen at almost the same rate so far is a positive sign. Estonian exports are rising steadily, Kallas assured us.

Most Trade With Finland

In September the first customs statistics based on western models were released and they showed that Finland is Estonia's biggest trade partner with regard to both imports and exports. Russia is in second place but the customs figures do not include imports of natural gas and imports and exports of electricity. The Netherlands is number three in the Estonian trade statistics, followed by Sweden and Ukraine. Latvia and Lithuania account for a very small percentage of Estonia's foreign trade. Kallas estimated that the average value of Estonian exports at this time is 500 million EEK (200 million Finnish marks) a month.

In August, when the first customs statistics were drawn up, Finnish exports to Estonia amounted to 139 million EEK,

while Estonian exports to this country were worth 130 million EEK. On an annual basis the trade balance is clearly positive for Finland, at least according to Finnish customs statistics.

Estonia's leading export products are textiles, wood and forestry products, foodstuffs and metals.

It is still hard to come up with reliable statistics in Estonia, the central bank chief pointed out. All systems have to be built from the ground up and that takes time. For example, the statistic that shows national industrial production includes only the 4,000 biggest state enterprises, while Estonia today actually has 30,000 businesses. So the figures that indicate a sharp drop in production do not tell the whole truth, he stressed.

Hard Winter

Kallas conceded that the economic situation is difficult in Estonia just now. But the cars are running, fuel is available at world market prices and new shops are opening up all the time. In any case gasoline consumption has declined to a third of last year's level as a result of the price increases this year, Kallas said.

"Eesti Pank has been accused of not putting enough money into circulation," Kallas said. "In my view it is precisely the other way around, we have released too much money and must now remove some of it in some way. We must be able to stop price increases, but rents went up in October and that also contributes to inflation."

Estonia will have a hard winter and fuel prices will be one of the biggest problems, according to Kallas, but he believes developments are gradually taking a turn for the better. The statistics look worse than the reality, he pointed out. Foreign investments are needed to really get the economy going and he thinks it will be possible to iron out the problems related to the economic reform legislation in perhaps one or two years.

"Implementing radical reforms quickly, in the same way as we carried out our currency reform, is the only way. Even if the reforms are painful the situation will improve faster if everything is done at the same time than it will if the process is dragged out over a longer period," Kallas said.

He is especially pleased now by the Estonian foreign currency reserve. It has done nothing but increase ever since the kroon was introduced and is now up to over 1.7 billion EEK.

Widening Gap Between Rich, Poor Described

93UN0188B Helsinki HUFVUDSTADSBLADET
in Swedish 11 Oct 92 p 11

[Article by Mihkel Tarm: "The New Estonia—Dollar Euphoria and Nightmare"]

[Text] Everywhere in the former Soviet empire one sees that the once so privileged "apparatchiks" are just getting richer, while the ordinary man in the street is having an

increasingly hard time. In spite of its reputation as the most progressive of the former Soviet republics, this also applies to Estonia.

While Estonia's economy is spiraling toward a collapse that seems inevitable, the standard of living for most Estonians has sunk to the lowest level since World War II.

The Estonians are having a hard time. But this is not true of all of them.

Some, especially people with access to state funds, are increasing their personal assets today at a rate previously beyond their wildest dreams.

In and around the Estonian capital the difference between the poor masses and the privileged few is becoming increasingly obvious. Outside the pension offices elderly men and women stand in line for hours to get their monthly benefits which are barely enough to keep some of them from starving. Those who are lucky get a little money, others remain without; the government's acute cash crisis has meant that many people have not been able to collect their pensions for months and have been forced to get money in other ways.

One way is to sell personal belongings, clothing, household items, and family heirlooms.

Other People's Money

Linda Saar, 72, sits in the square in Tallinn with a towel spread out in front of her and offers her last personal possession for sale. "We old people with no children to take care of us don't have it easy," she says quietly.

Some distance away sits another old woman who holds up an old watch by the chain. "This belonged to my father," she says. "It was the last thing I wanted to sell, but now it's the last thing I have."

A third woman explains that she earns around 70 Finnish marks a month. "I can survive on that," she says, "but that's about all."

In the parking spaces around the square the picture is different. At least one out of every 20 cars today is an expensive western model, a BMW, a Mercedes, a Volvo, even a Rolls Royce. In Tallinn a Mercedes has become the symbol of Estonia's postcommunist upper class.

Mafia bosses drive Mercedes and so do bankers, international scrap dealers, and government officials at the highest level.

Many of the Mercedes drivers are managers of state-owned companies.

"Yes," confirmed Arno Sillat, director of the only Mercedes retail dealership in the Baltic. "Business is terrific, we now sell around 25 luxury Mercedes a month compared with less than a hundred during all of last year."

Sillat said that naturally he feels sympathetic for poor Estonians who feel bitter about the extravagant opulence the cars represent, but he pointed out that in the long run luxury cars can contribute to an upturn in Estonia's bleak economy. "I think ordinary Estonians should be happy

about companies that can afford nice cars for their top people," said Sillat, who thinks this bolsters their self-esteem so they can relax and do a better job.

The government in Tallinn has 10 Mercedes Benzes, the police have three. These cars are reserved primarily for the elite and for visiting foreign dignitaries.

However ordinary citizens complain that top politicians with official cars use them for private purposes. Recently, for example, the finance minister reportedly drove his official Mercedes from Tallinn to Tartu late one Friday evening (he stopped along the way to buy a bunch of bananas, another symbol of affluence in Estonia).

There are no statistics on how many Estonians can afford to keep a car compared with those who have to crowd into buses, but a poll recently showed that 85 percent of Estonians felt their standard of living had declined drastically, while 14 percent said they were getting by. Only 1 percent of the respondents felt they were doing better. The Mercedes people must be counted among them.

The average wage for a family of three people corresponds to 225 Finnish marks and with the price of some products approaching the HFRS [expansion unknown] level it is easy to see that the money is barely enough to pay for food and rent. Food these days primarily means bread, butter and milk. Chocolate, for example, once an everyday item for most Estonians, is a luxury today. And whereas a Lada car cost the equivalent of 4,500 Finnish marks just a few years ago the price today is three or four times that.

According to Juri Reinson, chairman of the Estonian parliament's Economic Affairs and Budget Committee, the majority of Estonia's upstarts got rich not as a result of successful initiative but through shady deals and improper use of state funds. "There is not a single honest business that has operated at a profit in Estonia since independence," Reinson stated.

Where do all the newly affluent get their money?

Reinson answered that most of the quick fortunes are made by directors of state-owned companies who start private parallel companies to which they simply transfer the assets of the state firms or perform other manipulations. This astonishing spontaneous privatization is quite common, Reinson said.

Or they can follow the example of 14 directors of the state-owned Valka clothing company. They formed a separate company they called Southern Estonia.

After that Valka sold its production at a price that was clearly below cost to Southern Estonia, which in turn sold the clothes to retail stores at prices that were ten times higher. No wonder they are making fantastic profits!

The newspaper MAALEHT has described how private parallel companies have no scruples about utilizing state companies' trucks, fuel and even their labor.

"This activity is clearly criminal," said Reinson who criticized both the former and current governments for failing to stop the plundering of state companies. He

accused the politicians of deliberately closing their eyes to the actions of their friends. "The fact that the governments were so obstinate in reiterating that they did not have the right to interfere in the affairs of state companies makes me believe that they simply do not want to stop this kind of thing," Reinson said.

Situation Unjust

Heido Vitsur, who resigned as finance minister in June in order to form an opposition coalition, agreed.

"That so much state property could be misappropriated can only be a result of monumental incompetence or deliberate planning," he said. "I am more inclined to think it is the latter." Vitsur pointed to a number of laws passed in 1990 that prevent courts from intervening in arbitrary sales of state property and block all official inspection of the companies' books. "The state has simply prevented itself from supervising its own property," said the former minister.

Hindrek Meri of the state supervisory authority agreed but said that in the anarchistic situation in which the country now finds itself different laws would not improve matters. "Everyone simply ignores the laws anyway. People do what they want to and know they won't get in trouble."

According to Meri 24 cases of gross abuse have been reported to the public prosecutor's office. Not a single one has led to an indictment.

Many have become resigned. "I feel like a referee in a match that is being played without any rules at all. What good does it do for me to blow the whistle if all the players can ignore me?"

Five years ago Tiit Silves supported herself by selling waffles on a street corner in Tallinn. Today, after two years in the scrap branch, she too drives a Mercedes and regularly charts a jet for business trips to the West.

Her firm, Silves International, makes a profit of \$10,000 a day from selling cheap scrap metal to smelting plants abroad, according to a spokesman for the company.

Silves herself likes to boast about her rapid wealth.

"I know more than 10 people who became dollar millionaires just through my company," she said recently in an interview in the weekly publication EESTI EKSPRESS.

Silves said her biggest problem is commuting between Tallinn and Helsinki quickly enough. "Maybe we should buy a helicopter." The scrap business is legal in Estonia on the whole and Silves is regarded as one of the few newly affluent people who did not profit from state property sold at bargain prices. But the increasing demand for scrap metal has also led both the mafia and ordinary petty thieves to get into the act.

The newspapers have reported cases where rails were torn up from railroad tracks and underground telephone cables were dug up in the search for valuable copper. Old bronze statues in museums run a constant risk of being stolen and melted down.

Ordinary Estonians react bitterly to these developments, if they don't simply shrug their shoulders, but remarkably their bitterness is aimed mainly at people like Silves, whom they call "profiteers," and not at the politicians who benefit from allowing the old terminology to be applied to the new situation.

Estonians have an instinctive distrust of anyone who makes a profit, legally or illegally. The Estonian word for businessman, "arimees," has always had a highly negative ring.

Observers in Estonia are afraid that the new antagonism between rich and poor and the fact that the rich are making their fortunes in such a dubious way may have a destructive effect on society as a whole.

The plundering of state property could destroy the very basis for future economic recovery. "The big bosses aren't making any long-term investments in the firms," said one observer. "They are enjoying the party while it lasts and grabbing what they can."

Same People Profiting

If state property is sold off as it has been for a long time now there will soon be nothing left when "privatization" really gets under way. "If nothing is done soon," said journalist Juri Estam, "there will come a day when all that is left to privatize is a rundown factory with no assets and perhaps the miserable apartment you live in yourself."

What irritates Estonians most is that so far the new upper class is the same as the privileged group under communist rule.

"They were profiteers then and they are profiteers now," said civil servant Ago Haan. "It is unjust."

Standing at a little distance from the problem, John Battle, an American businessman who has settled in Tallinn, believes that most of the nouveau riche live in a present without a future.

"Those who are now profiting from the economic chaos and making money from other people's property will squander their fortunes as easily as they acquired them. They are not real businessmen. I think the people who work seriously—and hard—and do not buy luxury cars and fancy houses will take over as a new efficient and prosperous middle class," Battle said.

But while waiting for this to happen Estonia, marked by rampant corruption, general lawlessness and a shapeless economic reform somewhere in the planning stage, is in a state of crisis. "Estonia is like a drunk driver who weaves back and forth along the same stretch of road, veering violently from one ditch to the other," said Meri.

Unfortunately the economic crisis is not even the worst part, he said. The worst crisis concerns intelligence, reason, and morality.

Box on Page 11

"My biggest problem is how to commute between Tallinn and Helsinki quickly. Maybe I should buy a helicopter."—Tiiu Silves, international scrap dealer and dollar millionaire.

"There is not a single honest business that has operated at a profit in Estonia since independence."—Juri Reinson, chairman of the parliamentary Economic Affairs and Budget Committee.

"This is not a market economy, it is a parody of a market economy."—Heido Vitsur, finance minister, June 1992.

"The new upper class that is now lining its pockets is the same as the privileged group under communist rule. It is unjust."—Ago Haan, a civil servant whose salary is probably a thousandth part of what the newly affluent are making.

Finnish Aid to Country's Farmers Outlined

93UN0188C Helsinki HUFVUDSTADSBLADET
in Swedish 13 Oct 92 p 8

[Article by Inger Blomqvist: "Aid Fell on Fertile Soil at Adavere and Sipa"]

[Text] Finnish aid to agriculture in Estonia has fallen on fertile soil, at least at Adavere, a model farm, and Sipa, a former collective farm (kolkhoz) where a farm machinery center and a newly constructed drier now serve farmers in the region.

Sipa, which lies in the Loodna district about 50 km south of Tallinn, used to be a kolkhoz with about 2,000 hectares of cultivated land and 1,000 hectares of woodland. The tilled land has now been turned over to private farmers while the woods are jointly managed and belong to the association that set up the machinery center with Finnish assistance.

Some 58 farms have joined the association and they are now making use of the services the machinery center provides. These include everything from lending tractors to repairing mowers and drying grain.

Among other things Sipa has some tractors, three of them a gift from Finland, and it employs three people as tractor drivers and two as repairmen. The association also purchased the kolkhoz's supply of fuel and is now selling it to the farmers.

Quite a lot of used machinery has been sent to Estonia from Finland and Sweden in recent years and repair shops and competent mechanics are needed to keep them in working condition.

Sipa has also received a threshing machine from Finland.

The big problem in this district has been getting grain dried as the kolkhoz drier has been scrapped and most of the others in the district are in very poor condition.

So Sipa's manager, Vello Luhtaru, was pleased and proud when he demonstrated the new drier which was built this summer with Finnish aid.

The drier, which has a capacity of 120 tons per day, helped the members get a quality supplement of 15 percent for their rye this year. The money was sorely needed because the harvest was half the size of yields in normal years as a result of dry weather.

Thanks to the machinery center things like better plows that can produce a bigger harvest are also available. The Russian plows are often unsuitable for Estonian soil, which has a high clay content. Another problem in Estonia is the large number of rocks in the fields.

Luhtaru told us that Finland has invested 2.5 million marks in Sipa so far and he is grateful for the assistance.

Still on the wish list is a field circular saw because lumber is available and there is a great shortage of building materials.

"A mill would not be such a bad thing either," he mused.

Privatization Under Way

The privatization of Estonian agriculture is under way. There are already 8,500 private farms and the goal is to create 40,000-60,000 farms from the approximately 3,000 collectives in the future, according to Jaan Leetsar, chairman of Eestimaa Talupidajate Kesklit (the Estonian farmers' organization). Incidentally, Leetsar is regarded as a strong candidate for the position as agricultural minister.

At least six state farms (sovkhoz) will remain under state ownership and some 50 will be turned into research and training farms.

Real estate and land laws have not yet been clarified, which means that Estonians are still unable to buy, sell, or mortgage their farms. There are also plans to return land to the old owners, but this reform is still incomplete.

The private farms now have an average of 25 hectares of land, 12 of them tilled, and here and there in rural areas one can see barns and houses under construction.

On the way to Adavere, which lies around 120 km south of Tallinn, we met former Russian master lumberman Arvi Ott, who has been a farmer for two years and has already built himself a barn. The house is under way and that very day he held a private roof-framing celebration, but the shortage of material and above all money means that the construction is progressing slowly.

When he became a farmer he took out a loan for 35,000 kronor and has now acquired six dairy cows and some young stock.

The milk provides some income and in addition his wife works for a state forestry combine and contributes about the same amount.

"But it is not easy to be a private farmer in Estonia," admitted Ott, who dreams of owning a Finnish tractor.

Model Farm

Adavere, a model farm with 3,000 hectares of land and 400 employees, was established in 1958, according to Vello

Kaselo, foreman of the farm, which sells 1,600 tons of flour and 1,100 tons of meat a year to the state.

Finns have been in the picture since 1987 when Kemira entered into a three-year agreement based on improving cultivation techniques and increasing harvests. This has been a success. Today the farm produces record harvests and its average is far above the national level. In 1989 a 25-hectare test plot produced an average of 7,980 kg of spring wheat per hectare.

When Kemira's agreement expired the Agriculture and Forestry Ministry came into the picture and section chief Reino Uronen became a frequent visitor here along with Lauri Iisakkila, who has now retired from Kemira.

When the ministry became involved the assortment was expanded with the addition of sugar beets, rape, peas and potatoes. The project now includes a total of 326 hectares.

In addition numerous courses and consultation days for farmers around the country are arranged at Adavere.

The Finnish aid cannot be praised enough, according to Kaselo, who is disturbed by the current developments in the country and on the farm. Production costs are rising rapidly and there is also a risk that the farm will be split up among the former owners.

He regards this as an unfortunate possibility, partly because 400 people would then be out of work but perhaps mainly because Adavere fulfills an important mission as a forerunner and as a teaching farm.

Sugar beet cultivation began at Adavere last year, for example, and has now spread to many farms. Finnish cultivation techniques have also been adopted by a growing number of farmers and that is necessary if the country is to become self-sufficient as far as grain is concerned. The country currently produces a surplus of meat, butter and milk, mainly because almost nothing is sent to Russia anymore. But the poor feed situation means that quite a few cows will have to be slaughtered this year.

Not So Rosy

Section chief Uronen noted that foreign aid is not always so rosy, but in the case of Adavere it has worked out well because they are making an intensive effort there and want to learn.

However some projects have failed or been misused and have been terminated, he admitted.

But all in all the Estonian projects have gone better than those in the St. Petersburg area and Karelia where it has been very hard to get projects started, Uronen said.

The St. Petersburg area still has 5 million marks left of the 44 million marks Finland allocated this year for projects aimed at improving the supply of food in neighboring regions, but there are no suitable projects just now.

Estonia's share of this year's aid is 15 million marks.

Next year's budget also allocates 44 million marks for aid to neighboring areas, said Uronen, who pointed out that

Finland's farmers will be responsible for half the amount because it is included in the farm income agreement.

In addition many farmers have contributed used machinery. The agricultural organizations have now transferred this activity almost entirely to the farmers' guilds that have adopted sister communities in Estonia. Since the collection of machinery began three years ago, 5,500 pieces of equipment have been shipped to Estonia, according to Hannu Heikkila of Maaseutukeskusten Liitto.

Laar Sets Out Agenda for New Government

93UN0284A Stockholm DAGENS NYHETER
in Swedish 6 Nov 92 p 11

[Article by DAGENS NYHETER correspondent Mert Kubu: "Hard Winter Ahead for Estonia's New Government"]

[Text] Tallinn—A tough winter lies ahead for the new Estonian Government and its bearded young leader, 32-year-old Mart Laar. The problems are piling up. Perhaps the most acute involves energy supplies.

Estonian homes are frigid. Unemployment is rising. Close to 80 percent of the country's firms are insolvent in practice.

There is a shortage of gasoline at reasonable prices. Crimes are becoming increasingly brutal. The armed National Guard forces are on their own with regard to "seeing that justice is done."

What is most important for the government?

"There is no doubt that the most important thing is taking care of energy supplies. The second is straightening out the national budget," replied Laar.

He came directly from a cabinet meeting in the cold White Room at Domberget where "the government personally experienced the same cold conditions as their fellow citizens."

Minister From Canada

The government has just appointed an energy commission under the leadership of the energy minister, an expatriate Estonian from Canada.

The energy commission's task is to fill oil supply depots in some way and teach the public how to save fuel. It is no easy task. The formerly cheap Russian oil has stopped flowing. And it is no longer cheap either. And how can one save energy in homes where the indoor temperature is already below 15 degrees centigrade?

A big problem is gasoline. Those who can afford it have always bought their gas from one of Norwegian Statoil's two gas stations in Tallinn where business is excellent on some days. The same is true at Finland's Neste. Now Neste has graciously promised to make deliveries to Estonian gas stations with a credit extension of one (1) day.

At the press conference Prime Minister Laar displayed boyish enthusiasm. He is a historian, one of the very small

number of Estonian politicians with an irreproachable past. He was an early arrival at the barricades for freedom. Ideologically and politically he is closely related to Sweden's Carl Bildt and the Christian Democratic Union (CDU) in Germany.

Isamaa the Biggest

Laar heads a coalition government which (at present) has the support of 53 votes out of 101 in the new Estonian parliament, the Riigikogu. By far the biggest group in the parliament is Laar's own election cartel, Isamaa (Fatherland), with 30 seats. The other two parties in the government are Moodukad (the Moderates) and ERSP, (Solutumatud) [Estonian People's Citizens Party], a supernational party. The leader of the Moderates is Social Democratic chairman Marju Lauristin, the new minister of social affairs.

Prices Freed

In other words Estonia is being ruled by a conservative Social Democratic supernational coalition that has managed to join forces in writing an unusually vigorous government program.

In the election campaign they promised to make a "clean sweep" of the ministries to get rid of old former communists. They are now working on this. Of 18 ministries 11 will be left. A third of the civil servants in the old inefficient government apparatus are being fired. The government has also made the following promises:

Prices will be more or less freed. Direct taxes will be lowered and the indirect ones, such as selective taxes, will be raised. Housing will be privatized. Loans from the West will help Estonia get through the winter. Relations with Russia will be normalized. The 10 biggest state monopolies will be abolished. Foreign investors will be enticed to Estonia.

Enormous Difficulties

Perhaps the most surprising announcement is that the citizenship law will be liberalized. The 40,000 Russian-speaking inhabitants who indicated their wish to become Estonian citizens before the coup in August 1990 will be granted their request without having to meet a language requirement.

What chance does Laar's Estonian Government have of succeeding? Here are just a few brief items from the Estonian press and radio during the past week, items that illustrate the enormous difficulties:

- Actual unemployment is now estimated to lie around 10 percent. Unemployment benefits and welfare payments are catastrophically inadequate by Swedish standards. On the radio news a discouraged unemployed father from the small community of Sindi said: "My wife and I received the last payment, 60 krooni (30 Swedish kronor) in October. We and our school-age daughter are supposed to live on that. It is not enough to pay for our food. I am ashamed that we have not been able to pay the rent for a long time."

- The newspapers report that thousands of families do not bother to pay their rent, heat and electric bills.
- At a seminar Sweden's Bo Kragh, vice president of Eesti Pank (Estonia's central bank) said that in practice 70-80 percent of all firms in the country are insolvent.
- During the week 862 serious crimes were reported—murders, manslaughter, robbery assaults, rapes, apartment break-ins, car thefts, and other crimes.

Antismuggling Patrol Boats From Sweden

93UN0276D Stockholm SVENSKA DAGBLADET
in Swedish 4 Nov 92 p 42

[Article by Nils-Erik Lindell: "Russian Smugglers Hunted With Swedish Boat"]

[Text] Estonia will buy Swedish patrol boats for hunting Russian smugglers.

The Marine Dynamics company in Partille has received an order for six boats from the Estonian border guards.

But the order is dependent on whether Estonia can get help from the Swedish aid to the Baltic states (the so-called sovereignty appropriation). The Estonian authority has now applied to the East Europe Secretariat of the Swedish Foreign Ministry for such aid.

The background is that smuggling from Russia by way of Estonia is increasing. According to the Swedish customs service, a growing stream of alcohol, tear gas, hand-held firearms, capital goods, narcotics, and refugees is arriving from the Baltic states. The Swedish customs service has been given extra resources in order to control the area on the other side of the Baltic Sea.

Last spring Estonian customs confiscated 15,000 weapons and 10 kilos of drugs. But its resources are limited. Much of the smuggled goods come from Russia via the river Narva, and the waters are too shallow where the patrol boats are intended.

Sten Orneblad of Marine Dynamics already has one prototype finished. The boat has a U.S. engine with 200 horsepower and can do more than 50 knots. The hull made of composite material has a laminated construction in order to be able to absorb bullets. Should the engine be damaged, there is a reserve motor. In its application to the Foreign Ministry, the Estonian authority points out Marine Dynamics' long experience with boats suitable for police duties.

LATVIA

Commission Chairman on Economic Reform Program

93UN0222A Riga DIENA in Russian 21 Oct 92 p 2

[Interview with Ojar Kehris, chairman of the Latvian parliamentary Commission on the Economy, conducted by Ajnar Dimants, DIENA commentator: "Economic Reform Is More Important Than the Fate of the Government"]

[Text] [Dimants] In the six months you spent in America you worked together with Latvian economists from Latvia and the United States to draft a long-range economic reform program. What good is that program?

[Kehris] Latvia as a state needs a long-range economic reform program for three reasons. Firstly, so that we will take justified and well-reasoned steps which correspond to our goals and which will take into account both what we stand to lose and what we stand to gain. That is so that we will not keep stumbling around trying to decide which direction we want to take and why. Secondly, so that we can explain our aspirations to other nations and to the world public. Finally, thirdly, so that we can join the world economy and work together with nations in our own region, the Baltic region, Europe and the whole world. It is quite possible that this program will help us win financial support from the world community so that we can realize our ideas. It is essential that we have such support at this time, as we make the transition to a market economy. I am absolutely certain that about 10 years from now we will be able to start investing in other countries' economies. The question is how to reach that point. That is why we call our program "Latvia-2000."

[Dimants] Who is the program for: the current government, or parliament, or someone else?

[Kehris] The program is of independent significance. It is valuable merely by virtue of the fact that it is the collective work of 12 economists whose goal was to set forth their opinion of the outlook for development of the Latvian economy and to stimulate discussion in society and among politicians and government officials on these matters. We also tried to write the program in such a way that it would be educational, so that it would be relatively simple and understandable.

We succeeded in bringing together a group of economists representing four generations. True, we were aided by the fact that we all spoke Latvian. The first group was comprised of economists trained in Latvia but currently in the United States studying or for some other reason. The second group consisted of recognized macroeconomic authorities who teach in the United States' most important institutions of higher learning. A majority of those professors were born in Latvia and emigrated after the occupation began. The third group was economists of Latvian background born in America and working for banks, financial institutions or consulting firms in the United States. The fourth and final group was made up of young specialists who were born and grew up in Latvia but got their education in the U.S. business world. We had an opportunity to have discussions and make plans to hold a conference entitled "Latvia-2000" at the end of this year. We talked with leading American professors in the field, such as Jeffrey Sachs and Ronald McKinnon, who consented to attend that conference if it would include presentation of documents prepared in advance. The conference might also be attended by experts from the World Bank, the IMF and the European Community who are

currently rendering us a great deal of technical assistance, or those upon whom the granting of investment funds and loans for Latvia depends.

However, after confronting the situation in Latvia we decided that now is not the time for programs. Before the Saeima elections we must do whatever the current parliament and government can manage. The date of the conference could also be linked to the elections, either before or after them. Nor would this winter be a favorable time to hold the conference. Even though the main points of the program are to solve current problems, look ahead and think about the future, it will be most difficult to do that at a time when we must be thinking about heating, food and similarly vital day-to-day concerns.

I feel that the program could have an influence on the domestic political situation, and outside of Latvia it could create greater confidence in us and attract foreign investment by sowing confidence that this program, or some other, might be realized. At the present time one very important thing is what will be in the briefcases of the new politicians who decide to run in the Saeima elections. As economists we have a stake in ensuring that they rely on the economic development principles formulated in this program. It is possible that we will make our own contribution toward drafting various political platforms.

[Dimants] But that would seem to indicate that now is precisely the time for programs. How widely have you publicized your program, since, as you said, it is of educational significance?

[Kehris] Anyone who is interested may look at the program materials. As it turned out, we have already implemented many of the proposals contained in the program. When we began working on it we were not yet aware that five of the program's creators would be closely connected with implementation of economic reforms in Latvia. These were Professor Juris Vicsnins, a Bank of Latvia advisor from the U.S. Government who officially consults with the Bank of Latvia on political matters; Uldis Klaus, a U.S. Government advisor attached to the Bank of Latvia in connection with the introduction of a two-tiered banking system; Ilmar Rimsevits, Bank of Latvia vice-president; Uldis Osis, first deputy minister of finance; and I, who am back in the position I was in prior to my studies in America.

Life has moved ahead, but our program was quite specific. We developed it based on the fundamental macroeconomic blocks: monetary, fiscal (i.e. tax-related) and foreign trade-related, and a block for revenue policy. It was on matters of monetary policy that the program had to be rewritten, since at the end, at the time we were completing it, Latvia was still a part of the Russian ruble zone. At the present time we essentially have our own national currency. That poses completely different tasks.

[Dimants] Does that mean that you have disseminated your program to a fairly limited circle of people?

[Kehris] Yes. We felt that now was not the time to publish it in its entirety. Its authors have outlined its contents in interviews and articles. The main points in the program

(around 20 pages) have been turned over to specialists. And if we see some specific purpose, whether an international conference or the desire of some political force to use the program in its campaign preparations, then we could revise it and perhaps expand the number of authors working on it.

[Dimants] You founded "Club 21." Did you let that club's members know about your program?

[Kehris] Yes. The club showed a great deal of interest in it. We took it as an honor that one club member, Valdis Birkavs, has used the introductory section of the program in his speeches. The club is discussing the possibility of implementing several of the proposals contained in the program, in particular instruction for Latvia's young people at world scientific centers. In any event, we would like to hold an international conference as a sort of summation of the development and discussion of this program. It is essential that many things be done in practice so that we will be able to talk about guarantees for foreigners who invest capital in our country, so that we can attract as many of them here as possible.

[Dimants] In your program you wrote that there are two options for development of the Latvian economy: integration into the international economy, or creation of a closed and weaker but more national economy. You concluded that the first option will also result in a Latvian Latvia. Is that not a contradiction in terms?

[Kehris] Actually there is no contradiction, though both options are extremes. There are two basic strategies for development of economy. The first option assumes that it is only possible to recognize and accept the international economy the way that it is, i.e. an economy within which there exist major regional markets involving millions of people, where barriers have been eliminated to promote the movement of goods and services, capital, money and people. We must gradually but fairly rapidly become engaged in international competition. Then we will have a chance to offer to other nations that which we genuinely are able to do better—in our own way, in a Latvian way. If, for example, our people proved that they could work in the field of computer programming, then it would be much better for them to develop that skill and offer it to other nations, in turn allowing those nations to do in Latvia the things that they are better at. For instance, we can hardly compete with the Chinese when it comes to the diversity of their national cuisine. We feel that it is a serious mistake to attempt to do everything oneself. If one interprets a national economy like that, i.e. having Latvians do everything themselves here in Latvia, then we do not see much of a future in that kind of economy. We would be securing our country's future if we decided to do that which we are capable of doing better than the rest, including in the international arena, and naturally also allowing others to do what they do best. National competition is in fact of great significance in world competition. We should utilize our national advantages precisely in those areas where we can function best of all.

I feel, and this has been proven by the development of the Latvian nation both in Latvia and beyond its borders, that we unfortunately are not going to become a nation of traders like the Chinese, the Jews, the Armenians and others, though I do realize that our geographical location encourages that. Incidentally, there are exceptions, which merely serve to prove the rule, i.e. individual Latvians who have become highly successful in the trading business.

[Dimants] As you were preparing measures to implement your program, did you sense any resistance, and where do you expect resistance to come from?

[Kehris] The greatest resistance, the greatest evil, stems from ignorance, and that is why education plays a tremendous role. Latvia cannot enter the world community either by force or with the aid of money, though both those factors do play highly important roles in the world economy. But we can and we should enter the world with the help of our education and our knowledge, because today, when there exist such highly-developed technologies, it is not so important who owns a given technology, as who is able to work with it. In that way you can earn more money than you can by owning the computer yourself.

One of the most serious obstacles is presented by those political forces which feel that it is possible to achieve something not by creating a civil society, but instead by redistribution of wealth, taking it from the rich and giving it to the poor; these are forces which are attempting to prevent the bankruptcy of unprofitable enterprises by redistributing funds to them from enterprises which are profitable. In that case there is no incentive for a poorly-functioning enterprise to improve the way it operates, nor is there any for a good enterprise to function better. Therefore, the more merciless we are toward ourselves, the purer our capitalism will be from the very start, without gigantic collective social programs, and the faster our economic recovery will proceed. We propose that the money being spent on social programs, including health care and education, be given right from the start to people by sharply increasing the wages and pensions of persons employed in the state-owned sector. Otherwise over time we could find ourselves in the position of several Scandinavian countries, with a very high level of collective social protection.

However, the main obstacle on the path to privatization, normalization of legislation pertaining to securities, creation of a two-tiered banking system and other priority tasks is failure to wield power in our country, i.e. the inability to make decisions. In my opinion, the role of government officials is not to instruct others, but rather is primarily to listen to the opinions of qualified specialists, make decisions and follow up on those decisions. I have encountered cases in which qualified specialists cannot be properly paid—even R50,000 [rubles]—for high-quality work done in a very short period of time. The disorder in our legislation is costing us much more than that. We are prepared to offer money abroad, but up until now we have really not been prepared to accept money—we have not created a structure (in this case, the Investment Bank) by means of which to receive that money. We are pursuing a

very irrational policy, specifically in the state apparatus and particularly with regard to the Council of Ministers, keeping up a huge and often poorly-paid contingent of specialists while lacking technical personnel. It would be appropriate to pay the people with brains two or even four times more and fire those who have none, and also hire sufficient technical personnel so that we will not be constantly running hither and yon with various documents, or not even able to write our own letters, and so on. Therefore sometimes everything gets bogged down like in a swamp due to the inefficient administrative structure which, I hope, will be overcome as we go about eliminating the soviet system and as we approach the Saeima elections.

[Dimants] Are you certain that the new legislators will choose the "open economy" path you are proposing?

[Kehris] I am convinced that sooner or later Latvia will choose that path. It seems to me that if we would analyze the experiences of other countries we could avoid their mistakes. It is not beyond the realm of possibility that first we will attempt to isolate ourselves and then, after realizing the pointlessness of that path, will begin to move toward an open society.

The fact that we must move ahead fairly quickly does not mean that we are ready to become involved in every aspect of the world economy tomorrow. Yes, it needs to be said that we will engage in and we must engage in protectionism for the sake of our own entrepreneurs and protection for the interests of our enterprises, but that cannot continue forever. We can tell our entrepreneurs: you have two or three years to get strong and get on your feet, and during that time we are going to protect you from the rest of the world.

But they should be firmly convinced that three years from now they will no longer be able to sell lower-quality goods on domestic market simply because we will be using customs duties or some other foreign trade policy methods to block the influx of "alien" goods into our country.

Our entrepreneurs, and this is even more applicable to the structure of our commercial banks, are not developing quickly enough and are moving too slowly, but they are virtually unanimously prepared to block their foreign competitors from coming here. Our entrepreneurs say: no, we are not ready to compete with them. My response to that is: then tell us how much time you need to get stronger, because this sort of closed market and protection cannot last forever. I always emphasize that we are not talking about instant integration, but it should be fairly rapid.

[Dimants] Your program was developed by a team. Will it also take a team to implement it?

[Kehris] We do not feel that the program is complete. Its purpose is to inspire people to seek out new ideas and stimulate the creation of a long-range economic program in Latvia. Therefore I do not want to talk about implement of this specific program. But in order to develop a long-range economic reform program, and that is the only kind that will lead Latvia to prosperity, it is not the "team

principle" that is so important, but rather the people's confidence in those who implement the program. Economic reforms cannot be carried out without confidence in the government and the parliament. The stability of economic reforms is much more important than the stability of a team or a government. There have been cases around the world in which economic reform strategies survived even the resignation of a government. To achieve that, society and entrepreneurs must be rather well informed. Currently entrepreneurs are complaining precisely about the fact that the outlook for industry, transportation and ports is not clear. This program must win fairly broad approval, because implementation of it will involve hardships for the various segments of society that will be affected by these reforms. The subjective factor—who will implement the program—is of great importance, but not even an ideal leader or an ideal government team can carry out reforms in the absence of appropriate legislation, distribution and balance of powers between the legislative, executive and judicial branches, and absolute independence for the press and the information services that will ensure that society is adequately supplied with information.

[Dimants] However, someone will have to bring together and head the government team. Could you accept that responsibility?

[Kehris] The experiences of the Eastern European countries, where reforms have been successful, indicate that it is important for there to be a strong political figure who can ensure a certain degree of political stability, and a figure who actually implements economic reform. It is frequently important for the political figure to defend the one implementing reforms. One example of this is the Czechoslovakian team of Havel and , or to a certain extent the Yeltsin-Gaydar team. The necessity of that will have to be assessed by the political forces that come to power. I understand how to organize economic reforms during the transition period and ensure that Latvia achieves prosperity. I feel that I could carry that out, but I could also not do it with equal success, because once reforms are underway it is hard to say which job is more important: education, legislation, business or government.

One very important thing that our businessmen do not always understand and that I am attempting to drive home to them is that we must all struggle together to create an economy based on the principle of a free market in a democratic society and not just work for our own personal benefit.

Statistics From "Residents' Register" Cited

93UN0222B Riga DIENA in Russian 21 Oct 92 p 5

[Article by Elmar Vebers, scientific associate at the Latvian Academy of Sciences Institute of Philosophy and Sociology, under the heading "Registration Journal": "Halfway There"]

[Text] As of 7 October a total of 1,315,282 people had been registered, or 40 percent of the possible number of Latvia's residents. Thus we are halfway there, and all registration

offices have acquired the experience necessary to speed up the pace of their work. If that proves impossible and the pace remains the same as it has been, then by year's end only approximately 85 percent of Latvia's residents will have been registered. At the present time the number of registered citizens is approaching one million. A total of 980,973 citizens have been registered, and of those 722,934 are eligible to vote. The latter figure is not exact, as several rayons were until recently registering only citizens over the age of 21 as voters. The necessary adjustment has been made since 7 October, and in the future all registration offices will count persons over the age of 18 as eligible voters. As of 7 October a total of 334,309 other residents of the Latvian Republic had been registered, with 296,448 of them expressing a desire to obtain Latvian citizenship. Thus almost 90 percent of the residents of Latvia who have been registered thus far want to obtain Latvian citizenship. Residents who do not wish to obtain Latvian citizenship probably also feel that registration does not apply to them.

Registration is almost complete in Jelgava and Jelgavskiy Rayon. Over the past three weeks there has been a marked increase in the pace of registration in Dobelskiy Rayon, where 36.7 percent of rayon residents have now been registered. The poorest figures are found in Salduskiy Rayon, where 24.4 percent of the population are registered.

On 12 October registration of Latvian Republic citizens began in Moscow as well. Registrars from Jelgava were sent there. Currently preparations are being made to conduct registration in St. Petersburg and Krasnoyarsk. Staff members of the Citizenship and Immigration Department joke that they could conduct registration of Latvian Republic citizens not just in the East, but also in the United States, Canada, Australia and Germany.

Creation of the Resident Registration System

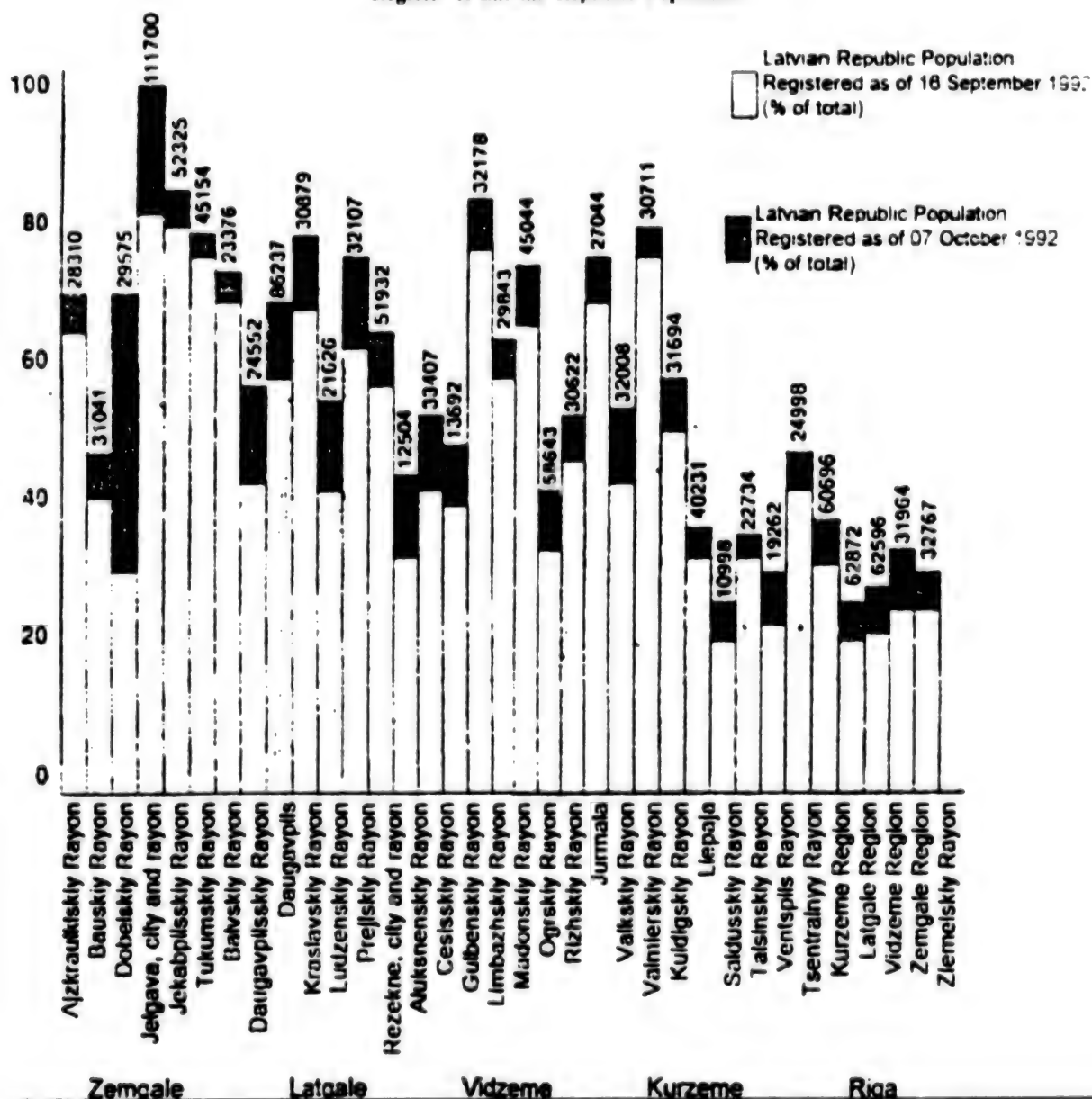
The issuing of new passports and election preparations are only part of the measures involved in creating the Resident Register. Of equal importance is the work that will have to be done to computerize the information gathered during the course of registration efforts. Furthermore, registration may be considered complete only when the Resident Registration System is fully operational and is being used in day-to-day operations by various state structures, including local governments. At the present time each state institution independently collects, processes and stores information about the public required for its specific functions. This lack of coordination between the various state power structures and institutions results in duplication of their efforts, making it more expensive to gather information, reducing the effectiveness, reliability and confidentiality of that information, and complicating computerization of data. Moreover, information is being collected unevenly; there is no data system which encompasses all residents of Latvia. The operations of state structures are made more difficult as a result. When visiting institutions people are forced to submit all sorts of various documents to prove their identity and attest to their living conditions.

Simultaneously with the initial count, the Citizenship and Immigration Department also began computerizing the information system. A database is being set up in each rayon to summarize information on that rayon's residents. At the same time a centralized information database is being set up in Riga. It will contain information on all of Latvia's residents. In September the first information was entered in databases at rayon computer centers. At the present time that work is being done at nine centers. Creation of centralized databases and establishment of communications between those databases and the various state structures will mark the beginning of Resident Registration System operations. The system will be essential for the registration of marriages, births and deaths and for institutions such as the labor and police departments,

financial authorities, the ministries of defense and public welfare, the statistical administration, etc. Great opportunities exist for using the Resident Registration System in connection with compilation of the Real Estate and Land Ownership Register, as well as in connection with certification measures. In each of those areas use of the Resident Registration System raises a wide range of difficult issues.

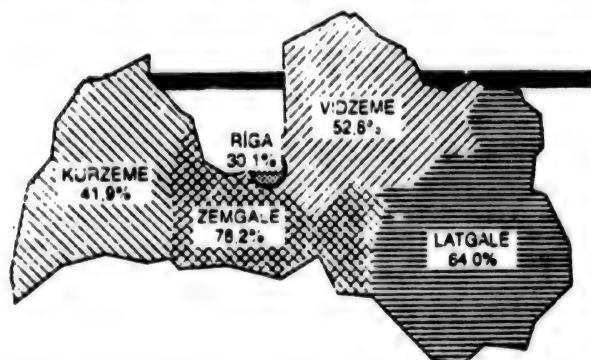
Naturally substantial funding is required to create the Resident Registration System. According to the Resident Registration System plan drawn up by personnel from the Citizenship and Immigration Department and representatives of the Danish company Datacentralen, there are three possible sources of financing: the Latvian Government, the Danish Government and the European Community's

Register of Latvian Republic Population



PHARE fund. But much remains to be agreed upon and specified before the necessary funds can actually be allocated.

Realization of the Resident Registration System project began with the establishment of rayon data centers. That work is being financed by the Latvian Government. Funding of \$400,000 U.S. and over 100 million Latvian rubles has been allocated. These funds made it possible to provide necessary equipment to the rayon data centers. Currently buildings and equipment are being sought, and appropriate specialists are being trained. The data centers are not yet fully staffed, nor have funds been allocated to pay their personnel. Therefore data entry into computers is only affordable for those offices where registration efforts are almost complete and in places where a reduction in the number of registrars is freeing up funds for the data centers. One should also keep in mind the fact that entry of the initial data into computers will take at least six months. The rayon data centers and the Riga central database will most likely be able to begin servicing requestors in May 1993.



Saeima Adopts Election Law

93UN0222C Riga DIENA in Russian 21 Oct 92 p 1

[Article by I. Bojars, dateline Riga, 20 October: "Finally Latvia Has an Election Law: Deputies Will Allow No Intelligence Agents in the Saeima"]

[Text] As if in tribute to the elections held in Estonia exactly one month ago, today Latvian Supreme Council delegates approved an Election Law by a large majority. Fundamental objections to the draft law were expressed by deputies from the Party of the Democratic Center [Partiya demokraticheskoy tsentra], which was founded on Sunday and claims that the law is "convoluted and therefore should be reworked." (quote from I. Calitis). The main political factions in parliament (except for Equality [Ravnopraviye]) accepted the law as more or less democratic about a month ago. "We got what we wanted," said Indulis Berzins, head of the Latvian People's Front faction, who was very pleased with the outcome.

Thus the earliest possible date that Latvia could elect a new Saeima will be March of next year. A Central Election Commission must be created five months prior to the election, and voter registration must also be completed so

that deputies' seats can be distributed among electoral districts based on population. According to the heads of Supreme Council political factions it is these practical matters that will be crucial with regard to setting a date for the elections. A majority of the deputies agrees that the elections must be held as soon as possible. Satversme considers March an acceptable date. One year ago the Latvian People's Front faction resolved that elections should be held no later than next fall, but Indulis Berzins, the Front's current leader, has said that they should be held by July. J. Skapars, one of the leaders of the Democratic Center group, is aiming at early summer. Equality deputy L. Kurdyumov commented that elections could be held in the fall.

In an untraditional show of unanimity (no one was opposed; three deputies abstained) the deputies decided to ban former KGB agents from running for the Saeima. Even Juris Bojars, thus far the only deputy who has revealed his past KGB connections, to many people's surprise voted for the motion made by his colleague L. Mucins. Prior to the elections each candidate will have to submit a written statement that he "was not and is not currently a part-time or full-time agent of the Security Service, army intelligence, USSR or LaSSR KGB counter-intelligence or the ministry of defense of the USSR, Russia or any other state, or an agent of those institutions." If the deputies manage before the Saeima elections to approve a draft put forward by the Latvian People's Front Duma which would also bar members of the former communist party leadership from holding state posts, it could turn out that many of today's well-known politicians (for example, Supreme Council chairman A. Gorbunov or Supreme Council secretary Imant Daudis) could not run in the upcoming elections. A second motion by L. Mucins was also approved, i.e. that each candidacy must comply with Latvia's laws defining the right to work in state service or hold certain state posts.

Under the law that was approved today candidates for the upcoming Saeima elections may be nominated by any 100 voters who pay a cash deposit of 50 minimum wages and submit a campaign platform. However, a motion insistently put forward by a group of Democratic Center deputies (Ivars Elerts, Janis Skapars, Ints Calitis, et al.) was defeated. That motion would have limited the range of individuals who may nominate slates of candidates. Those deputies feel that the right to nominate slates of candidates should belong only to parties or social and political organizations. If not, as Janis Skapars has already repeatedly commented, unserious factions could wind up in the Saeima. The 4-percent minimum for election of candidates to the Saeima was retained.

Slates of candidates for the upcoming elections will be internally interchangeable. That means that after selecting one of the proposed slates a voter may then affect the order of candidates on that specific slate: the voter has a right to mark preferred candidates with an "X" and cross out ones that he or she does not want. Under this law the right to vote belongs to all citizens who are at least 18 years old on election day. Only citizens over the age of 21 may run as candidates for the Saeima.

Latvian, Russian Central Banks Resume Dealings

93UN0303A Moscow IZVESTIYA in Russian 14 Nov 92 Morning Edition p 2

[Report by Irina Litvinova: "Is the Latvian Rublis the Hardest of the 'Soft' Currencies?"]

[Text] Account settling between the Bank of Latvia and the Central Bank of Russia has resumed. The Latvian bank will credit one and a half billion Latvian rubles to Russia's correspondent account; three billion Russian rubles will be credited to Latvia's account in the Central Bank of Russia.

Experts agree that this way the Russian Central Bank has indirectly acknowledged the softness of its ruble compared to the rublis. Let me remind you that several months ago, by order of Ejnars Repse, the president of the Bank of Latvia, a rate of exchange of the Latvian ruble was introduced not only for hard but also for "soft" currencies, the currencies of the republics of the former USSR.

The Russian ruble, which is the currency used in these countries, was assigned several exchange coefficients. For example, non-cash payments with Ukraine, which will be introduced this week in Latvia, will have a 0.28 coefficient, whereas the coefficient for currency from Russia, 0.35. The Lithuanian talon is quoted higher than the others, at 1:0.39; lower, compared to others, is the non-cash Georgian ruble, at 1:0.24. As to the Russian cash ruble, naturally, it does not have any "national coloring." The citizen of any country can exchange it in Latvia, obtaining approximately one-third of the amount exchanged in Latvian rublis.

Until recently, the rate of exchange which literally wrecked the Russian ruble in Latvia did not apply to postal money orders. For the past few weeks, however, the postal workers as well are cashing money orders from Russia on the basis of the rate of exchange set by the Latvian bank. Wages, honoraria, or alimony coming from the East "dry up" when cashed at the post office window.

Therefore, the Latvian ruble claims that of all the "soft" currencies on the territory of the former USSR it is the strongest. It is also stable, so far, in terms of the dollar: For the past few months the rate of exchange has held at 170-180 Latvian rubles to one U.S. dollar.

One of the main reasons for the stability of the rublis is the strict credit-financial policy applied by the Bank of Latvia and the activities of the commercial structures. Both the parliament and the government seem to have accepted Ejnars Repse's unwillingness to make any concessions. The bank president has not changed his mind even despite the fact that dozens of Latvian enterprises find themselves on the brink of bankruptcy.

The rublis is supported also by the fact that unlike anywhere else on the territory of the former USSR Latvia has organized a currency exchange. Hundreds of companies show a good profit from this. According to Mikhail Shalnev, an expert at the biggest Latvian financial company Pareks, Russian currency is following two most profitable trends: from Moscow and St. Petersburg to Riga and back. The currency flows which are left in the form of taxes and

profits make it possible, according to this expert, to maintain a more or less stable Latvian ruble exchange rate.

Views on the steps taken by the Bank of Latvia to stabilize the rublis vary. According to some, they are known as "bank banditry" (most of the views). Others support the bank's president. Meanwhile, enterprises and entrepreneurs are trying to find a solution to the situation. For example, having sold their fabrics to the East, the textile workers do not bring rubles back to Latvia but transfer them to Uzbekistan to buy cotton. Their profit comes from what they are able to sell in Latvia or on the Western market for hard currency.

Actually, so far, even such tricks have brought no success. According to Andris Silins, chairman of the Latvian Free Trade Unions Council, about 40 percent of industrial and construction enterprises have stopped work. Therefore, increasingly the specialists are mentioning the need for a compromise between admissible levels of inflation and a drop in output.

LITHUANIA

Ethnic Minority Situation Meets 'European Standards'

93UN0224A Vilnius TIESA in Lithuanian 10 Oct 92 p 1

[Article by Gintaras Vinickas: "The Guests' Opinion About the Lithuanian National Minorities"]

[Text]

A Press Conference in the Department of Nationalities

At the invitation of Lithuania's Department of Nationalities, the following representatives of the European Federation of National Communities visited the Republic: Karl Mitterdorfer, president; Reginald Vospernik, vice-president; and Armin Nickelsen, secretary general.

A press conference was held yesterday at the Department of Nationalities. H. Kobeckaitė, general director of the Department, introduced the guests and pointed out that they all are representatives of national minorities living in Italy, Austria and Denmark.

While in Lithuania, the guests met with representatives of the national minority organizations, the Council of National Communities, Supreme Council deputies, and officials of the National Minorities Education Department. They visited the Lithuanian Jewish community and met with the representatives of the Russian cultural center, the Kaunas chapter of the Tatar cultural association, and with the priest of the multinational parish at Nemencine. They were provided with an excellent opportunity to make direct acquaintance with the situation of the national minorities in our country.

Federation president K. Mitterdorfer revealed that the Federation of National Communities was founded in 1949, at Versailles. Its goals are to help those national minorities that are unable to solve their problems by themselves and to draft a law on national minorities that

would be common for all of Europe (such a document has already been presented to the chairman of the Council of Europe).

The Federation has sixty members—the organizations that represent the majority of national minorities. They must have a board and a status. Members now exist in 19 European countries. The Federation has a deliberative vote in the Council of Europe.

In his answer to the question how the representatives view the situation of the national minorities in Lithuania, the president said that they had arrived at the opinion that the mutual relations among the national minorities are developing in a positive fashion. He also heard critical remarks and references, yet it seems that the representatives of the national minorities with whom they had talked are aware of Lithuania's difficult economic situation. According to the president, Lithuania is handling the national minority questions according to the European standards.

In the delegation's opinion, K. Mitterdorfer said, the department of nationalities is headed by a person whom the representatives of the national minorities trust. He added that this was not a compliment.

In the visitor's opinion, the national groups are facing different situations. However, they did not get the impression that any of these groups is being oppressed. There are problems, but goodwill for their solution also exists.

The psychological aspect was also mentioned. According to the president, one member of the Russian national community gave a very original definition: he said that one of the chief psychological problems was that "we were used to being elder brothers, and now we have to get used to being a national minority."

The members of the delegation described as very positive the fact that when Russians and Poles enroll into the universities, they can take the exams in their native language.

In his answer to the question about his impressions on the life of Poles in Lithuania, the Federation president said that the delegation did not have an opportunity to see how they were living—there were conversations with the representatives of the national groups and organizations. The impression was that some of the Poles are dissatisfied, while others are trying to understand the present difficult economic situation in Lithuania and are adjusting their demands to the situation in the Republic. This is the president's personal opinion, which was shared by the other visitors. In their opinion, a national minority that is satisfied with everything just cannot be found in this world.

Local Government Reform Issues Examined

93UN0224B Vilnius LIETUVOS RYTAS in Lithuanian
21 Oct 92 p 9

[Article by Zymantas Svetikas: "The Reform of Local Self-Government: Before We Cut, Let Us Do Another Fitting"]

[Text] According to the most important principles of the execution of the administrative-territorial and self-government reform, as presented by the Government, it is planned to create two levels of territorial administration, i.e., self-governing small rural districts and districts with state government administrative institutions, by singling out their most important functions.

The separation of the functions of the state government and of the local self-government should be considered a positive thing. At present the local self-governments are performing functions that are not typical to them (e.g., privatization of state property, registration of enterprises, etc.) and therefore are unable to keep up with their immediate functions. As we rearrange the competences of the state government and of the local self-governments, we must subject the nature of their relations to an essential change—the state government must be given the right to regulate the local self-governments only by legal and economic means. It is time to legalize municipal property and to divide public property between the state government and the local self-governments.

In the districts, the state government should perform the functions of regional policy and legal supervision of the self-governments. The execution of the state regional economic policy should be considered the chief task. To ensure an effective performance of this function, the district should be of the same size as an economic region. Therefore it would be more acceptable to legalize as administrative districts the ten economic regions whose formation was planned still in 1960.

The separation of the functions of the state government and of the local self-governments raises the question which and how many of them should be transferred to the local self-governments.

In most states, the local self-government takes care of local communal services and of public services (e.g., supplying people with water and heat, servicing local roads, establishing and maintaining various kinds of educational and health care establishment institutions, etc.), organizes supplies and regulates construction and the use of land. Depending on economic expediency, these local services are divided into those of local and regional significance (territorial polyclinics and hospitals, universities and professional schools, specialized motels and nursing homes, etc.). Services on the regional level are distinguished by their higher quality, higher cost of services, and the optimal placement of the institutions providing these services. All this requires a much larger zone of influence and a larger territorial community of people.

The outline of the principles of the reform of the government apparatus contains a variant of the formation of a system of local self-governments, in which the organizing of local services of regional importance is accorded to the state government in the districts, while the local self-governments are assigned only the services of local significance. The optimal arrangement of the latter services would determine the administrative-territorial distribution according to small rural districts. If we consider one of the chief criteria,

i.e., the minimum of people's time and expenses, of the two alternative variants presented by the Government the one with 123 small rural districts seems to be more acceptable. However, this variant of the formation of a system of local self-governments delimits the extent of local self-government and makes democracy narrower.

Speaking theoretically, another variant of the formation of local self-governments provides for a broadening of the scope of local self-government, where the small rural districts would also have to take care of the services of regional importance. In such a case, local self-government would be put into effect either through sufficiently large territorial communities, which would contradict the people's interests, or by not increasing the size of the small rural districts, forming their associations and concentrating the membership fees in a common fund to organize local services of regional significance. In the latter case, as Finland's example indicates, the expenses of maintaining such associations increase faster than the expenses of the local self-governments themselves and the increase of the compulsory membership fees reduces the strength of the local self-governments themselves. Moreover, the boards of such associations begin to distance themselves from the goals of the local self-governments and the administration becomes less democratic.

It is easier to put a democratic administration into practice under a twofold self-government. Under this arrangement, the small rural districts are entrusted with taking care of the local services of local importance, while the services of regional importance are entrusted not to the state government in the districts, which performs the functions of regional policy and of the legal supervision of the self-governments, but to the second level self-governments within them. In organizing such a system of local self-government with local councils elected in small and large districts, the powers of the small rural district and the district self-governments must be appropriately distinguished by law so as to avoid any duplication.

The division of the powers between several levels of local self-government has been the practical choice of all the West European states. In Finland, where only a single level of self-government (the commune) exists and where attempts were made to replace the second level with an association of communes, it is also planned to move over to an election of administrative organs of the second level of self-government. The legalization of the two levels would be also important for us because this way we could more easily find analogous partners and to integrate ourselves into Western Europe.

Republic's International Investment Agreements Examined

93UN0271A Vilnius LITHUANIAN WEEKLY
in English 2-8 Oct 92 p 3

[Article by Rolandas Galvenas]

[Text] Important guarantees for foreign investors, in addition to national legislation, are provided by international agreements on the promotion and protection of investments.

To date the Republic of Lithuania has signed 7 agreements of this kind: with Germany (February 28, 1992), Sweden (March 17, 1992), Denmark (March 30, 1992), France (April 16, 1992), Finland (June 12, 1992), Norway (June 16, 1992), and Poland (September 28, 1992).

At the present time, similar agreements are being prepared with Austria, the Belgium-Luxemburg Economic Union, Italy, Great Britain, the Netherlands, Switzerland, Canada, Kuwait, Morocco, Tunisia, Cyprus, Turkey, South Korea, China, Chile, and Vietnam.

The agreements on the promotion and protection of investments are aimed at securing by legislative means full freedom of capital movement within the global economic system in spite of possible political and economic-social changes and at safeguarding the investment of foreign private capital by providing it with legal guarantees against the so-called non-business risks.

The preambles of these agreements determine their objectives, basic principles and the object of regulation. The main goal is to promote and expand economic cooperation between the Contracting Parties and to create favorable conditions for foreign investments. The object of regulation is foreign investments.

The first article usually defines general notions which are used in subsequent articles of the agreement: investment, investor, returns, territory.

The subsequent articles determine the basic principles of the treatment of foreign investments. The Parties guarantee fair and equitable conditions for investments, assuming an obligation not to apply unjustified and discriminatory measures in their management, usage and disposal.

The agreements provide the investments made by investors of Contracting Parties with the most-favored nation treatment, as is the case with Sweden, Finland, Norway and Poland, or fix the national regime principle as is the case with Germany, Denmark and France.

The agreements protect investors against nationalization, expropriation and other similar measures directed against their property. At the same time, the agreements provide for three conditions of nationalization, expropriation, etc.:

- 1) nationalization is carried out in the public interests and in accordance with domestic legislation;
- 2) it cannot be of discriminatory nature;
- 3) compensations are paid in all cases.

The compensation must be effective, correspond to real or market value of the property and paid out or freely transferred immediately.

All losses incurred on investments by war, military conflict or revolution must be compensated immediately by a pay-out or free transfer.

The agreements provide investors with the possibility to repatriate freely, immediately and without restrictions all returns received from investments in the form of hard

currency. When signing an agreement, the Parties exchange notes or official letters by which the Republic of Lithuania informs the other Party that the currency circulating in Lithuania is not freely convertible for a limited transitional period of time.

The article on subrogation determines the right of one of the Parties or its appointed agency to take over the rights and obligations of its investor who was paid a sum of money on guarantee to make investments on the territory of the other Party.

A major safeguard of foreign investments is the procedure of resolving investment disputes as prescribed by the agreements. The differences can be divided into two groups:

- 1) disputes between a Contracting Party and the investor of the other Contracting Party;
- 2) disputes between the Contracting Parties.

Disputes between a Party and the investor are resolved, first of all, by mutual agreement or negotiations. If the differences are not settled within a period of 3 months (as provided by investment agreements with Denmark, Finland and Norway) or within a period of 6 months (as provided by investment agreements with Germany, France, Sweden and Poland), the investor has the right to apply to:

- 1) International Center for Settlement of Investment Disputes (ICSID) which functions in accordance with the Convention on Investment Disputes signed on March 18, 1965 in Washington (if the Parties are signatories to the convention);
- 2) international ad hoc court of arbitration established under the Arbitration Rules of Procedure of the United Nations Commission for International Trade Law.

Disputes between the Parties are settled, first of all, by negotiations or through diplomatic channels. If the differences are not resolved within a period of 6 months (as provided by investment agreements with Sweden, Norway, France and Poland) or within a period of 3 months (as provided by the agreement with Denmark) or if the time-limit for resolving differences is not fixed (as provided by investments agreements with Germany and Finland), the disputes are passed over to the court of arbitration which is set up as prescribed by the agreements.

The agreements on the promotion and protection of investments are applicable to the investments made after December 29, 1990 (on this day the Law on Foreign Investments of the Republic of Lithuania was passed). Those investments which had been made until December 29, 1990 are safeguarded by the international investment agreements only in case they were registered in accordance with the laws of the Republic of Lithuania or if special agreements have been signed between the Parties.

Agreements on the promotion and protection of investments signed with Denmark, Norway and Poland are valid for 10 years, with Germany, Finland and France—for 15

years, with Sweden—for 20 years. Later, the agreements are automatically prolonged for a certain period of time.

The agreements may be denounced by a one-year written notice before the end of the corresponding period. For investments, made prior to the date of termination of the agreement, the provisions of the agreement are valid for a certain period (10, 15, or 20 years) after the termination. This enables to provide legal protection for foreign investments for practically an unlimited period of time.

Lithuania Submits Economic Program to IMF

93UN0271B Tallinn THE BALTIC INDEPENDENT
in English 2-8 Oct 92 p 6

[Report by Peter Morris]

[Text] Acceptance of Lithuania's policies by the IMF will bring support for economic restructuring and the introduction of a new national currency, the litas.

The approval of the IMF is also required before Lithuania can receive loans from the World Bank and the European Bank for Reconstruction and Development.

Michel Camdessus, the director of the Fund, has already announced that he is satisfied with the progress Lithuania has made. He hopes to clear the way for the IMF to back the litas as soon as possible.

What follows is a synopsis of the memorandum submitted to the IMF. The Fund's board members will meet in mid-October to discuss the plan and possible loans to Lithuania.

Lithuania's Economic Outlook

The disruption in trade within the former Soviet Union, brought on by the continued political disintegration of that body, has resulted in a large decline in output during recent years.

This decline has been compounded by the rise in the price of oil and other imports to world market prices. Oil imports during the first half of 1992 were about 2.5 million tons, compared with 6 million tons during the same period of 1991.

The increase in the price of imports, without a similar rise in the value of exports, has severely hurt Lithuania's balance of trade.

It is estimated that real GDP has fallen more than 30 per cent from the beginning of 1990 through mid-1992. Unemployment has reached more than 1 per cent of the labour force as of August 1, 1992.

Objectives

The main objectives of Lithuania's economic programme for July 1992 through June 1993 are to adjust quickly to the sharp deterioration in the balance of trade, continue to encourage an effective private market, reduce inflation, and successfully introduce a convertible national currency, the litas.

Privatisation Policy

The fifty years of occupation by the Soviets and imposition of a centrally planned command economy with emphasis on highly specialised industries has created severe difficulties for the privatisation procedures.

The privatisation process began in September 1991, and incorporates a voucher system with the aim of providing property to the citizens of Lithuania.

Small enterprises are sold at auction. Most eligible housing and small enterprises have already been sold. To encourage the sale of those enterprises not yet purchased, previous restrictions have been lifted on the amount of vouchers and cash that citizens may use as means of payment.

Large enterprises are now being privatised through a share subscription scheme. By mid-1992, about 600 large enterprises had been converted into companies owned primarily by private shareholders. This total should reach 3,500 by the end of 1993.

In order to develop stronger competition within the economy, actions will be taken to split up large enterprises, especially multi-plant enterprises. These measures will be taken to prevent monopolisation of an industry, and will be carried out by the relevant branch ministry, not the central privatisation body.

In agriculture, it is expected that 50 per cent of all usable land and 80 per cent of all agricultural assets from state and collective farms will become private property by the end of 1992.

Prices and Wages

Since most of the higher costs of imported energy products have been passed on to enterprises, local governments have been encouraged to raise rents and domestic heating costs. Owing to the pervasive shortages created by the Soviet system, the general level of such costs has been rising rapidly since early 1991.

From January 1991 through June 1992, the consumer price index rose 1,700 per cent. Consumer price inflation reached a monthly rate of 50 per cent in January and February 1992, slowed to 10 per cent in June, and has since increased again. Due to the increase in fuel prices it is expected that the overall consumer price index will rise 75 per cent in August and September.

To combat this spiraling inflation, it is necessary to scale down the increases in the money supply. Further steps to reduce subsidies will be taken. The early elimination of subsidies is important for reducing strains on the budget and for incurring associated price rises in advance of the introduction of the litas, to ensure the best chance of price stability thereafter.

A temporary incomes policy consistent with adjusting real incomes to the deterioration in the trade balance will be established. The incomes policy will apply to all enterprises in which the state continues to maintain a majority ownership position. Wages of workers in budgetary institutions have been frozen since September 1, 1992.

By January 1, 1993, the government will review its civil service staff to develop a timetable for eliminating jobs that are no longer necessary in institutions financed by the general government budget.

Fiscal Policy

For the first half of 1992, the sum of all governmental spending has balanced income, reflecting a reduction in subsidies and an increase in taxes. However, the decline in output and the deterioration of Lithuania's trade balance have put this equilibrium in jeopardy.

The government is conscious of the need to limit external borrowing to a level which can be supported by the economy. External borrowing, excluding proceeds from the IMF, will be held below US\$150 million through December 31, 1992, and below US\$300 million through March 31, 1993.

Contracts will not be made for debts with maturities of less than one year, excepting normal import-related credits. Debts with maturities under five years will be limited to US\$50 million through December 31, 1992, and to US\$100 million through March 31, 1993.

Regarding the debt of the former Soviet Union, Lithuania has agreed in principle to accept responsibility for the debts associated with enterprises within its territory. Accordingly, it has been servicing US\$35.7 million worth of debts incurred through Vneshekonombank (the Foreign Trade Bank of the former Soviet Union).

Taxes

By January 1, 1993, a new system of collecting the 18 per cent Value Added Tax will be instituted to make it a true VAT, not a general excise tax.

Additionally, the enterprise profit tax will become more uniform throughout industry, and the rate of deductions for depreciation will be clarified.

The 5 per cent tax rate applied to foreign exchange transactions will be abolished, and until the litas becomes the sole currency in Lithuania taxes will not discriminate between domestic and foreign capital.

Monetary Policy

Until the introduction of the litas, it will remain impossible to conduct an independent monetary policy.

Eventually, however, interest rates will become the main instrument for the allocation of financial reserves in the economy.

The Lit

The transition to a national currency has been delayed pending the formulation of a macroeconomic stabilisation programme, agreement on procedures to settle trade and payments with countries in the rouble zone, and the accumulation of sufficient foreign currency reserves.

The goal is to introduce the litas as a fully convertible currency utilisable in all international transactions. The value of the litas will be set by a floating exchange rate regime.

Towards this goal, monetary reform has progressed steadily. On May 1, the Bank of Lithuania, in conjunction with the government, began issuing talonas to ease the currency shortage. Talonas represent legal tender equivalent in value to the Russian rouble, and have circulated alongside that currency.

Beginning October 1, the talonas will be the only legal tender in Lithuania, although private citizens and enterprises will be allowed to continue to hold their savings in foreign currency deposits with the domestic banking system, even after the introduction of the litas.

Foreign exchange reserves amounted to US\$145 million at the end of June, 1992. It is expected that with help from the International Monetary Fund these reserves can top US\$200 million by the end of June 1993.

Rouble rates withdrawn from circulation are being held in the Bank of Lithuania pending negotiations with Russia. Rouble notes obtained by Lithuania since the announcement of independence, in March 1990, are considered "purchased" through debts to Lithuania's correspondent accounts in Moscow.

Banking Reform

The government recognises that some of the banking system's outstanding loans to state enterprises will have to be written off.

A two-tier banking system is essential for effective monetary policy. As such, the commercial banking operations of the Bank of Lithuania are now being converted into separate legal entities.

Bank reserve requirements will continue to be imposed by the Central Bank. Currently the minimum reserve ratio stands at 10 per cent. The Bank of Lithuania does not pay interest on reserve holdings.

By early 1993, accounting, auditing, and payment regulations will conform to national standards. By March 1, 1993, banking laws should empower the Central Bank to establish an interest rate policy for all banks.

Under the new banking laws, the Central Bank will remain the government's primary depository, will manage Lithuania's official currency reserves and will be responsible for distributing and managing government securities.

Trade Policy

Lithuania recognises that the former Soviet states remain its major trading partners. As such the three Baltic States have agreed to form a Baltic Customs Union, and have proposed a free trade agreement with the Commonwealth of Independent States.

Except for purposes of national security or health, there are no quantitative restrictions or licensing requirements on imports. No plans exist for imposing quotas or licensing requirements for imports.

All quotas and licensing requirements for exports are planned to be removed by November 1, 1992, with the exception of those applying to certain energy products and timber of local origin.

To encourage world trade, Lithuania intends to develop a rational tariff structure with low and relatively uniform tariff rates in accordance with internationally accepted principles.

Because of the collapse of centralised trade, Lithuania has sought bilateral agreements with the former Soviet states. For 1992, trade agreements have been signed with all the former republics.

IMF Review

IMF officials will review Lithuania's progress twice in early 1993. The reviews will assess quantitative performance of the economy, and will focus on the implementation of programme measures.

The first review will examine progress in the tax administration, budgetary planning, monetary controls, the overhaul of the banking system, and the collection of statistics.

The second review will assess the development of the foreign exchange market, specifically Lithuania's experience with a floating rate system. It will also look at the efforts to simplify the tax structure, the market for government securities, and the progress made in privatising industry.

Conclusions

By the time the litas is introduced, energy prices should reach world market levels and the rate of inflation should decline rapidly thereafter. It is hoped inflation will average 10 per cent a month in the fourth quarter of 1992, and less than 3 per cent a month in the first quarter of 1993.

As prices stabilise, it is hoped that over the medium term exports will strengthen substantially. In the short run, however, it is expected that the balance of payments will deteriorate.

The current account deficit is targetted at US\$500 million for the year June 1992-June 1993. Part of this deficit will be offset by private capital flows (mainly through direct investment). The remaining gap must be financed by official balance of payment support from the IMF, the World Bank, the EBRD and bilateral creditors.

Klaipeda Seaport Granted Legal Status

93UN0271C Riga THE BALTIC OBSERVER
in English 8-14 Oct 92 p 5

[Article by George Shabad]

[Text] The government of Lithuania has granted legal status to the Lithuanian state sea port of Klaipeda, indicating its special interest in developing the territory as a commercial port attractive to foreign capital. Under this new status, the territory, the surrounding water area, the infrastructure facilities and equipment of the port are not subject to privatization.

Presently, the port which has 10-12 different branches previously owned by ministries and agencies of the former USSR, lacks a unified structure or specified status.

The territory of the port covers 530 hectares, while the length of its sea-front is 12 kilometers. On the territory, there are trading fishery ports, ship-building and repair facilities, oil export enterprises, and other maritime industries. In the future, these will operate as independent entities, while the state port will control a complex of engineering installations and equipment for communications, docking, cargo, shipbuilding and repair, as well as passenger operations. Lease charges will be established for all entities located in the port.

Warships and special-purpose ships of other states will only be allowed to dock with permission by the government of Lithuania. Ships with nuclear reactors will be prohibited to enter the area.

It is expected that during the first five to ten years, the port will be subsidized by the government. The port's 1993 subsidies are projected at 100 million rubles.

Meanwhile, Klaipeda's industry faces a deep crisis as production and harvests plummet. Over the first six months of this year, the output of fish products amounted to only 48.7 per cent, that of cellulose—62.5 per cent, paper—75.9 percent and plywood—65.3 per cent compared to the same period a year earlier.

The project for reconstruction of the port is financed by the European Community. As a result of an EC competitive search, the British consulting firm William Halerow and the Belgian firm Antwerpen Port Engineering and Consulting were granted the right to develop the project. The EC has allotted 700,000 ECU for funding the design study.

Under the reconstruction plans, Klaipeda will be the basic link in the East-West transportation corridor. New terminals for containers and passenger ships will be built with expectations to open passenger and car ferry routes linking the country with Sweden, Denmark and Germany.

In order to export the oil products from the Mazeikiai oil refinery in Lithuania, a terminal will be built near Klaipeda jointly with American investors. The US has already allocated \$200,000 for design study and supervision over the construction at the terminal.

The government of Lithuania is also examining the possibility of allocating 100 hectares of land for a term of 99 years to the American firm V. Paulius & Associates for the creation of an international free enterprise zone in Klaipeda. Under the draft, goods imported to and exported from the zone will be exempt from customs duties. A set of other benefits for enterprises within the zone, including port facilities, will be provided as well.

Asmantas Defends Energy Policies

93UN0243A Vilnius TIESA in Lithuanian 27 Oct 92 p 3

[Interview with Leonas Asmantas, Minister of Energetics, by Virgilijus Liauska: "G. Vagnorius Did Not Freeze Us, Perhaps the Winter Will Also Pity Us"]

[Text] The conflict between G. Vagnorius and L. Asmantas has taken a new turn: the advisory board of the ministry of Energetics has made public a special statement in the press. Will this step stop the process of the destruction of Lithuania's power economy, which was begun already four years ago (let us recall the story of the hydroaccumulative power plant in Kaisiadorys)? We asked Leonas Asmantas, the Minister of Energetics, to comment on the situation.

[Asmantas] Of course, this document is not enough. On the other hand, I want to assure the readers that the people in the ministry are not determined to defend themselves by any means possible, to defend themselves hysterically—by the same ugly means that are used to attack us... The more so since the accusations levelled at the energetacists are counterfeit. We cannot say that we are working without any shortcomings. But the stories published in LIETUVOS AIDAS and the nonsense dished out by Mr. G. Vagnorius have nothing in common with the truth.

How did the statement of the advisory board come about? Whatever we might say, the people must know that the Lithuanian economy became impoverished because of G. Vagnorius' arbitrary decisions. Many of them, which were not coordinated with me, I refused to carry out. I can boldly state that this is the reason why Lithuania's energetics have survived and are functioning tolerably well. The biggest evil is the shortage of funds.

Mr. G. Vagnorius chose the energetics as the target of his attack because he knows that the power economy is the foundation of the state. Wherever the official state representatives would go, they always talked about the energetics... That is why Mr. G. Vagnorius decided to attack ours—in order to destroy Lithuania's economy.

A question arises for me: did he do it because of ignorance, or was he prompted by some political forces...

[Liauska] Were there any personal inducements?

[Asmantas] Personal inducements, it seems to me, would be plainly amoral. All of Lithuania is suffering because of a conflict between two people. Returning to the essence of this problem, I would like to emphasize G. Vagnorius' total unwillingness to conduct international negotiations.

Whatever your partner might be—you may like him or not—but you must negotiate with him. Unfortunately, this was not done. G. Vagnorius arbitrarily dictated to us how much we must pay for oil and gas, and therefore at present we are knee-deep in debts. This is already being acknowledged. This is the reason for all our troubles.

[Liauska] I think that personal motives nevertheless played their part. During the election campaign, I more than once heard you being called a communist and K. Prunskiene's man... And so all that was needed, as the saying goes, was to raise the ignorance of the crowd to a certain level, to put it into the lips of a well-known politician...

[Asmantas] It may be that some people's hatred of Mrs. K. Prunskiene was also transferred... to me. But I think that there are weightier reasons: somebody who acts like G. Vagnorius must serve some bad forces that are trying to

destroy Lithuania. We must look for deeper roots, because not only the "communist" L. Asmantas' opinion but also that of many acknowledged specialists was ignored...

[Liauska] How are your relations with the present Prime Minister developing?

[Asmantas] The present relations with the prime minister—so help me God—are such that it is a pleasure to work. I like A. Abisala's quick, flexible intellect, he quickly seizes thoughts and ideas. He is also able to offer his own ideas. Then we discuss it until it becomes clear who is right and who is not, and where lies the common good.... Moreover, we are working in a friendly ambience. I respect him very much as a leader, as a prime minister, but we discuss things as equals, as colleagues. This is extremely important.

[Liauska] Now, since we have felt a whiff of warmth in our homes, it seems that the passions about energetics will slowly die down. What are our perspectives? What should our consumers, all the people of Lithuania, know?

[Asmantas] It is difficult to say something to the consumers. Everything depends on the negotiations. I want to go back to that ill-fated terminal. I may be accused of many things, but I shall remind you of something: if my proposal—perhaps not the most brilliant one—to build a terminal near Karkle would have been adopted, today we would have an independent source of supply. After all, at present we are paying in dollars anyway, the dictates are terrible: one day they give gas, then they reduce the amount, then again the conditions turn vague... The people of our ministry have a really hard time working in Moscow, because as partners we get no respect at all.

In general, however, we have amassed more fuel than last year, 95 percent of the available spaces have been filled. But we must remember that these storage spaces are only large enough to take care of a short interruption of supply and to reduce the fuel shortage. We are incapable of covering a large-scale shortage. Nevertheless, as compared with last year, we have 200 thousand cubic meters more of storage space—we have built 30 thousand ourselves and we retrieved from Russia an additional 70 thousand cubic meters of space. We are preparing additional storage facilities, but, again—we need money! The money G. Vagnorius allotted for state reserves was sufficient merely to cover Lithuania's needs for one week... I therefore repeat that our chief problem is—the funds.

I would also like to draw attention to one of our proposals that did not meet with the former prime minister's approval. When the Mazeikiai refinery had stopped production in July, we already had no more room for refined fuel. There was a contract with Russia to import naphtha products into Lithuania at lower prices, while we planned to sell our own production to the West for dollars and to accumulate that income for the purchase of mazut. However, this plan was squelched. As a result, we have neither money, nor fuel. Although the storage spaces, as I had mentioned, are not empty, they are rapidly diminishing.

[Liauska] We hope that nevertheless we shall not freeze this winter.

[Asmantas] We shall hope. Only the local governments are acting strangely. They asked us—give us fuel, we shall distribute it... But it is also necessary to settle accounts with the suppliers of fuel. When this is not done, we are compelled to borrow at a high interest rate. Then the prices rise again and oppress the consumer... In brief, we must jointly concentrate our efforts. This way we will solve our problems and survive the winter.

[Liauska] Thanks for the conversation.

Prunskiene Would Like To See 'Strong Left-Center Coalition'

PM1911142592 Moscow KOMSOMOLSKAYA
PRAVDA in Russian 18 Nov 92 p 2

[Report by A. Baranov on interview with Lithuanian ex-Premier K. Prunskiene; place, date not given: "K. Prunskiene: 'The Mission of Politicians Like Landsbergis Has Run Its Course in Lithuania'"]

[Text] The result of the vote could not have been any different, Kazimiera Prunskiene said, commenting on the elections in Lithuania. People refused to continue supporting the inflexible, shortsighted policy of the leaders of "Sajudis," who appear to have decided to arrogate to themselves a monopoly right to decide the country's destiny. We know what their rule has done to Lithuania's economy, its relations with neighbors, and, most important of all, to the living standard of the vast majority of the population. I believe that the political mission of leaders like Landsbergis has now run its course. One can only regret now that they were in power at a crucial period of the formation of Lithuanian statehood and through their politicking and their incompetence forced our society to pay too high a price for independence.

I hope the Lithuanian Democratic Labor Party's victory will introduce elements of stability both into the domestic political situation in the republic and into the development of its external relations. Although I see certain problems in the fact that the centrist forces (in the shape of the Social Democrats, Liberals, and some other parties), which did not get enough seats in the Seimas, are not entirely psychologically prepared at the moment to work with A. Brazauskas' party. Yet the creation of a strong left-center coalition would be able not only to ensure a firm social development course, but would also make it possible to ward off demagogic statements by "Sajudis" about the communists returning to power in Lithuania. No, there can be no question of a restoration of the socialist regime in the republic, let alone of its joining Russia.

Personally, I am prepared to cooperate with Brazauskas, maybe acting as a coordinator between the political forces supporting him, between certain factions in the seimas. At the same time, I do not intend to join the government structures, since I consider that my current status as an independent parliamentarian provides enough opportunities for effective political activity.

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